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REPORT

Social Security
Board

1941

FEDERAL SECURITY AGENCY

Sixth Annual Report
of the
Social Security Board
1941

For the Fiscal Year Ended
June 30, 1941; With Supplementary Data
July 1–October 31, 1941

FEDERAL SECURITY AGENCY

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1941

FEDERAL SECURITY AGENCY

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LETTER OF TRANSMITTAL

SOCIAL SECURITY BOARD,
Washington, D. C., October 31, 1941.


THE HONORABLE PAUL V. McNUTT,
Administrator, Federal Security Agency.

DEAR MR. McNUTT:

I have the honor to transmit the Annual Report of the Social Security Board for the fiscal year ended June 30, 1941, for submission to the Congress as required by section 704 of the Social Security Act.

Respectfully submitted.

ARTHUR J. ALTMAYER,
Chairman.



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*SIXTH ANNUAL REPORT OF THE
SOCIAL SECURITY BOARD*

. I .

The Sixth Year in Summary

THE NATION'S NEED for a social security program was clearly recognized in the depression years of the early 1930's. Communities were obviously unable to cope with the demands upon them through the patchwork of public and private resources at their command. It was apparent that immediate and systematic action was necessary to alleviate existing destitution and to forestall to at least some extent the further operation of forces which made for economic insecurity. Even in that depression period, however, it was recognized that insecurity is not a product of bad times alone. The messages of the President of the United States, the preparatory studies of the Committee on Economic Security, and the congressional deliberations which preceded the passage of the Social Security Act in 1935 all emphasized the fact that insecurity is the outcome of factors which had been operative for many years in the United States. The law proposed and enacted was designed as the foundation of a permanent structure to be strengthened and extended in the future.

The fiscal year ended June 30, 1941, has given the first real opportunity to gauge the social security program in a period of great industrial activity. When employment began its upward swing in the autumn of 1940, the employment security and the Federal old-age and survivors insurance programs were in full operation throughout the country. During the fiscal year all 48 States, Alaska, Hawaii, and the District of Columbia were collaborating with the Federal Government in programs of old-age assistance. Although State participation in the programs for aid to dependent children and aid to the blind was not yet Nation-wide, there were 41 States in which, by the end of the fiscal year, all three special types of assistance were provided with the aid of the matching Federal grants to States under the act. Provisions of the act administered by other Federal agencies for public health services and services for maternal and child health and welfare and vocational rehabilitation were in operation in all States and Territories and in Puerto Rico. This sixth year, therefore, has tested the capacity of the program to adjust to rapidly changing economic conditions and has shown the importance of measures for social security at a time when employment and pay rolls were approaching record levels.

Social Security in 1940-41

Developments in the programs for which the Social Security Board is responsible and the Board's recommendations for further progress in social security are summarized briefly in this chapter. Particulars concerning each of the programs and general administrative activities are given in the following chapters and appendixes.

Old-Age and Survivors Insurance

Under the Federal system of old-age and survivors insurance there was a rapid rise in both the number of beneficiaries and the amount of benefits. In July 1940 monthly benefits totaling \$2.7 million were certified for 121,000 beneficiaries—workers and their dependents and survivors; in the last month of the fiscal year, June 1941, 341,000 persons received \$6.5 million in monthly benefits. A sharp increase is to be anticipated at the beginning of an insurance program which provides the payment of regular monthly benefits for, in general, long periods of time; for many years to come the beneficiaries added to the rolls will outnumber those whose names are removed by reason of death or other causes. The actual rise, however, has been less than was expected. The demand for workers, and especially for skilled workers, made it possible for many aged persons to continue at work rather than to retire and claim benefits for which they, and in some instances also members of their families, were eligible, and large numbers apparently chose to do so. As of June 30, 1941, moreover, there were about 27,000 persons who had been entitled to benefits but were not receiving them currently because they preferred to work in covered employment.

Increases in covered employment and taxable pay rolls resulting from the defense program served greatly to increase both the number of workers who earned some credits toward old-age and survivors insurance during the year and the extent of those credits. It is estimated that some 35 million persons, nearly two-thirds of the labor force of the United States, earned some wages in covered employment in the calendar year 1940. In the fiscal year, which included the acceleration of industry in the spring of 1941, the proportion was undoubtedly higher. Contributions collected from employers and employees during the fiscal year, at the rate of 1 percent each on taxable wages paid, amounted to \$688.1 million, and interest credited on investments of the Federal old-age and survivors insurance trust fund to \$56.0 million. As of June 30, 1941, assets of the trust fund totaled \$2.4 billion, an increase of \$652.9 million from the total a year earlier. Transfers of \$26.8 million were made from the fund to repay

the Treasury for costs incurred by the Board and the Treasury in administering the program.

Employment Security

The most dramatic developments in 1940-41 were those revealed by the employment security program. After the many years of idle men and idle machines, industry's wheels turned with increasing momentum to meet the Nation's needs for national defense. The crux of the problem of the employment offices was not to find jobs for men but men for jobs.

Demands for labor were sudden and uneven and threatened to cause mass migrations of job seekers and a widespread disruption of the labor market disastrous to the defense program and costly to workers, employers, and communities. It became urgently important to marshal labor resources and to mobilize workers with the skills essential for the rapidly increased volume of cantonment construction, shipbuilding, and manufacturing immediately required for national defense. Shortages of workers in many specialized occupations necessitated recruiting all who had or might quickly acquire the needed skills, retraining of workers whose skills had grown rusty from disuse, and training of others. Effective use of existing labor resources and training programs made necessary a continuous survey of the labor market in general and of the special needs of particular industries and localities.

Fortunately, the means of quick action was at hand in the United States Employment Service, a Nation-wide network of public employment offices administered by the States with the aid of Federal grants under the Social Security and Wagner-Peyser Acts and with aid in their operations and activities through technical assistance furnished by the Social Security Board. Through the consolidation of employment service and unemployment compensation functions, operations of the employment offices had been greatly extended and strengthened since the beginning of the social security program, with greater understanding and cooperation on the part of labor, employers, and communities. For the past 8 years, moreover, the Employment Service has been making job analyses to ascertain the particular skills required in specialized occupations. Each step, process, or part, of thousands of jobs has been described, in consultation with employers and unions, in terms of the trade. A Dictionary of Occupational Titles, with entries and definitions covering more than 17,000 separate and distinct jobs, was issued in 1940. The results of this long and careful study have proved invaluable in meeting the demands for defense production. Through its use, the Employment Service has

been able to determine the particular skills used by the many types of workers in thousands of branches of peacetime production and to tell which of these skills can be turned to account, with the least loss of time or waste of effort, for production of the ships, guns, tanks, planes, and other armaments suddenly required for the arsenal of democracy. The detailed job descriptions have also been widely used to simplify production processes in order to speed up defense production and to break down intricate jobs into simpler operations which can be performed by unskilled or semiskilled workers.

By the end of the fiscal year the United States Employment Service had assumed a central position in helping to guide and implement the Nation's defense effort. Assuring adequate supplies of labor, locally and throughout the country, for private plants and Government shipyards and arsenals has become the major responsibility of the Service. Representatives of the Board, designated as regional labor-supply officers of the Office of Production Management, head regional labor-supply committees which include representatives of labor, industry, and the public. In this way, scores of local problems are resolved by the united action of the groups immediately concerned. Through these committees and the 1,500 local employment offices, information is assembled concerning the localities where lay-offs are impending and those where there is or will be a demand for additional workers. The Employment Service advises the Office of Production Management where defense contracts are needed to avert "priorities unemployment" and to promote defense production, and what particular opportunities a community offers in terms of occupational skills, equipment, and other resources. Its job analysts consult with employers to advise how they can best adapt their resources in plant and personnel when public interest and shortages of materials for civilian use require a shift from other activities to production for national defense—when, for example, a plant shifts from production of refrigerators, washing machines, or kitchen utensils to production of guns or shells. The employment offices refer workers to the jobs for which they are needed, find labor for employers by locating workers with appropriate skills, and provide information on the training programs required for occupations in which the available supply of workers is inadequate or nearing exhaustion. As a result of these efforts, local labor supplies are fully utilized and importation of workers is held to the minimum. Both in the organization for marshaling the labor supply and directing workers to jobs and in the underlying technical knowledge required to make that organization function quickly, specifically, and with a minimum of waste effort and hardship to workers and employers, the present defense emergency has found the United States far better

equipped to meet the Nation's needs than at the time of the first World War.

The number of placements made by the employment offices during the fiscal year was the highest on record except for periods when Federal work projects accounted for large volumes of placements. There were 4.6 million complete placements, in which an employment office performed all the steps in placing a worker, and an additional 1.6 million supplementary placements in which the office carried through some but not all processes whereby a worker got a job. In the last quarter of the fiscal year complete placements averaged more than 470,000 a month and supplementary placements nearly 107,000 a month.

As jobs opened up, the levels of unemployment fell. In early months of the fiscal year there was a seeming anomaly in that the number of persons receiving unemployment benefits and the total amount of benefits exceeded, in many States, those for the same month a year earlier. This change was due in large part to the fact that, with somewhat fuller employment, more workers had acquired benefit rights on which they could draw during intermittent periods when they were out of a job. As the defense program got under way, however, unemployment fell so sharply that most States reported large declines from corresponding months of the previous year in benefit payments and in the number of beneficiaries. For the fiscal year as a whole, benefit payments under the laws of the 48 States, Alaska, Hawaii, and the District of Columbia amounted to \$433.4 million as compared with \$482.5 million in the fiscal year 1939-40. About 3.9 million persons drew benefit payments in the fiscal year 1940-41, as compared with 5.2 million in the previous year. Difference between the two periods widened progressively during the spring of 1941. In January 1941 the weekly average of beneficiaries was 826,000, 6 percent below that for January 1940. By March the weekly number had dropped to 762,000 or 30 percent below the 1940 figure, and in June it stood at 683,000, a decline of 46 percent from the number in the preceding June. There was a parallel decline in the total amount of benefit payments under the 51 laws. Payments in June 1941 amounted to \$30.5 million, 43 percent less than those for June 1940.

It is estimated that, as of June 30, 1941, about 35 million workers had wage credits under State unemployment compensation laws, an increase of 2 million from the number a year earlier. The gain in covered employment represents a major part of the year's total increase in all nonagricultural employment. Unemployment, however, has not decreased as rapidly as employment has risen. There has been a

marked increase in the labor force, since many young persons have entered the labor market for the first time, while experience under the old-age and survivors insurance program and other evidence give reason to believe that many older persons postponed retirement. The opportunities afforded by the defense program also have drawn into the labor force some persons who previously had not been seeking work and hence were not accounted unemployed, among them older workers, women, and young persons who might have continued schooling had the chance for a job not arisen. This situation was reflected to some extent in the fact that 7.7 million of the 17.9 million applications for work received during the year by the public employment offices were new applications; in the previous year there were 6.3 million new applicants. At the end of the fiscal year 5.1 million persons were actively seeking work through the employment offices, about 11 percent less than the 5.7 million registrants a year earlier. For many of the occupations essential to the defense program, such as those in tool and die making and in shipbuilding trades, the demand for workers far exceeded the supply of registrants.

Collections under State unemployment compensation laws, representing almost wholly contributions by employers, totaled \$888 million for the fiscal year, a rise of \$34 million from the year preceding. Increases occasioned by higher levels of pay rolls would have been greater had it not been for changes, in some States, in the tax base, the effective rate of contributions, or the timing of collections. As of June 30, 1941, the funds available for benefit payments under the 51 State laws totaled \$2.1 billion, including amounts in State clearing accounts and benefit-payment accounts and amounts on deposit to the credit of State agencies in the unemployment trust fund maintained in the United States Treasury. Interest credited during the year on State deposits in the trust fund totaled \$45.9 million. The total amount available for benefit payments under State unemployment compensation laws was greater by \$398 million than that a year earlier, notwithstanding the transfer of more than \$100 million from State accounts to the railroad unemployment insurance account in the unemployment trust fund. As in past years, there have been wide differences among the States in the relation of collections to benefit payments during the year and in the relative size of the State reserves for such payments.

The Social Security Board is responsible for certifying the Federal grants made under the Social Security Act for administration of State unemployment compensation laws, including employment service functions essential to that program, and for allocating Federal funds for employment services under the Wagner-Peyser Act. Grants

certified under the former for the fiscal year 1940-41 totaled \$62.5 million; under the latter, \$3.2 million.

Public Assistance

The course of the public assistance programs during the fiscal year has differed from that of the insurance programs. Most State public assistance plans had been in effect for several years, and some State programs antedated the passage of the Social Security Act. As in the previous year, approved plans for old-age assistance were in effect for all 48 States, Alaska, Hawaii, and the District of Columbia, and approved plans for aid to the blind were in effect for 43 jurisdictions. Plans for aid to dependent children in Mississippi and South Dakota were approved by the Social Security Board during the year, bringing to 44 the total number of jurisdictions with approved plans for this type of aid. The assistance program as a whole has completed its initial period of rapid development under the Social Security Act and is expanding at a decreased rate. The increase in opportunities for employment can have only limited effect upon the economic status of most aged or blind persons or on that of children who have been deprived of support or care by the death, absence, or incapacity of a parent.

Payments for the fiscal year to recipients of assistance under all approved plans totaled \$660.4 million, an increase of 14 percent from the previous year. As in the past, by far the largest part—\$505.1 million—represented old-age assistance. Payments for dependent children amounted to \$141.6 million and payments to the blind, \$13.7 million. During the year the number of recipients of old-age assistance increased by 200,000 to 2.2 million in June 1941; for aid to dependent children the year recorded increases of 115,000 in the number of children aided and 47,000 in the number of families, bringing the roll to 917,000 children in 380,000 families in June 1941; for aid to the blind the 50,000 recipients in that month represented an increase of 2,000 from the June preceding. While the increases in aid to dependent children were proportionately greater than those for the other two programs, doubtless in part as a result of increased Federal financial participation in this program, it seems probable that the volume of aid provided for children still is relatively less in relation to the need for assistance than that for the aged and the blind.

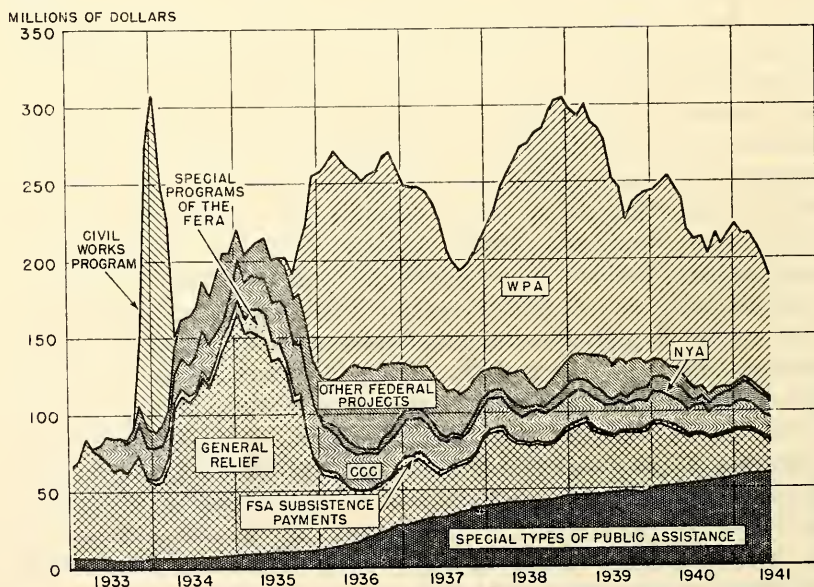
Federal grants to States certified by the Board for the fiscal year under the public assistance provisions of the Social Security Act totaled \$329.9 million, an increase of \$46.5 million from the total for the year 1939-40. These amounts include the matching Federal share of payments to recipients and also the Federal share of the

costs of administering State plans. The increase from the preceding year is due in part to the growth of the programs but more especially to changes in the basis of Federal participation made by the 1939 amendments to the Social Security Act.

During the year there was marked development in the effectiveness of operation of State public assistance programs, described subsequently in this report. Important in this field, as in the employment security program, was the further development of State merit systems for personnel, now required as a condition of Federal approval of State public assistance plans and unemployment compensation laws. In addition, many States passed laws or adopted regulations to restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of the program, and to give consideration, in determining need, to any other income or resources of an individual who claims assistance—requirements effective July 1, 1941, under the 1939 amendments to the Social Security Act.

The defense program has occasioned additional demands on public assistance agencies. Local selective service boards have requested investigation of selectees when there is a question of family depend-

Chart 1.—*Public assistance and Federal work programs: Payments to recipients and earnings of persons employed in the continental United States, January 1933–June 1941*¹

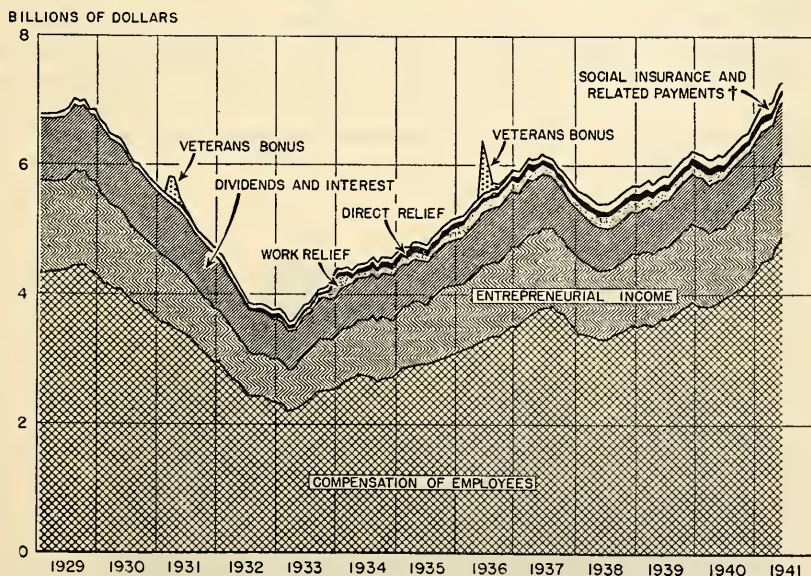


¹ For data by State, fiscal year 1940-41, see table D-1.

ency. Special needs have arisen in communities to which many persons have moved in search of defense employment. Additional services and funds have been needed for recipients of assistance in certain areas. The increase in living costs in the latter part of the year is a matter of great concern to the Board and other agencies responsible for administering limited funds for persons who live close to the subsistence level.

The public assistance programs under the Social Security Act continued the moderate growth which was to be anticipated in aid to these groups in the population. In contrast, there was a sharp decline in expenditures for general assistance and earnings under Federal work programs, attributable in part to improved economic conditions. In the continental United States, expenditures for payments to the needy aged, needy blind, and needy families with dependent children represented 27 percent of the total \$2.5 billion expended by the Federal Government, the States, and their localities for assistance and earnings under all major assistance programs and under Federal work programs in the fiscal year 1940-41. The relative

Chart 2.—Income payments in the continental United States, January 1929–June 1941¹



¹ Compensation of employees, entrepreneurial income, and dividends and interest adjusted for seasonal variation.

† Represents payments under programs of old-age and survivors insurance, railroad retirement, Federal, State, and local retirement, veterans' pensions, workmen's compensation, State unemployment compensation, and railroad unemployment insurance. Industrial pensions are included under compensation of employees.

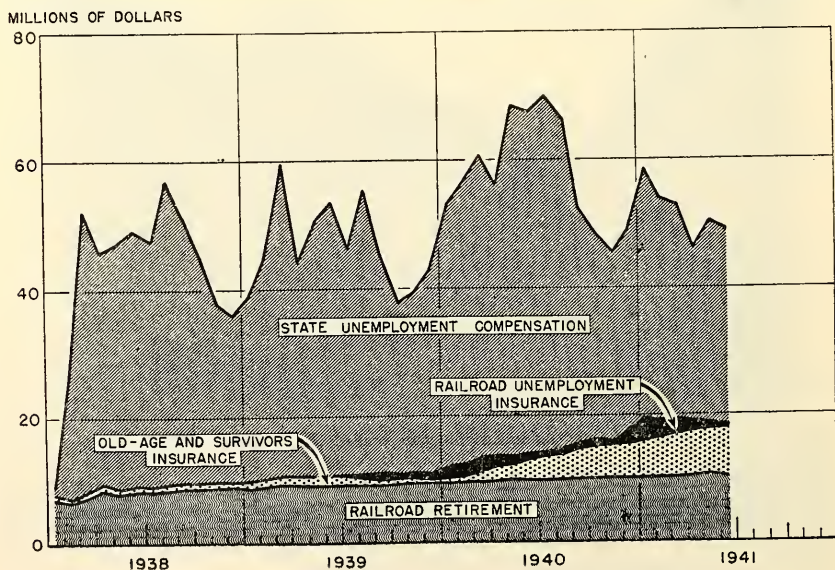
Source: U. S. Department of Commerce, National Income Division.

volumes of payments under these types of aid for persons in need and the sharp changes during the years since 1932 are shown graphically in chart 1.

Social Security and Other Income Payments

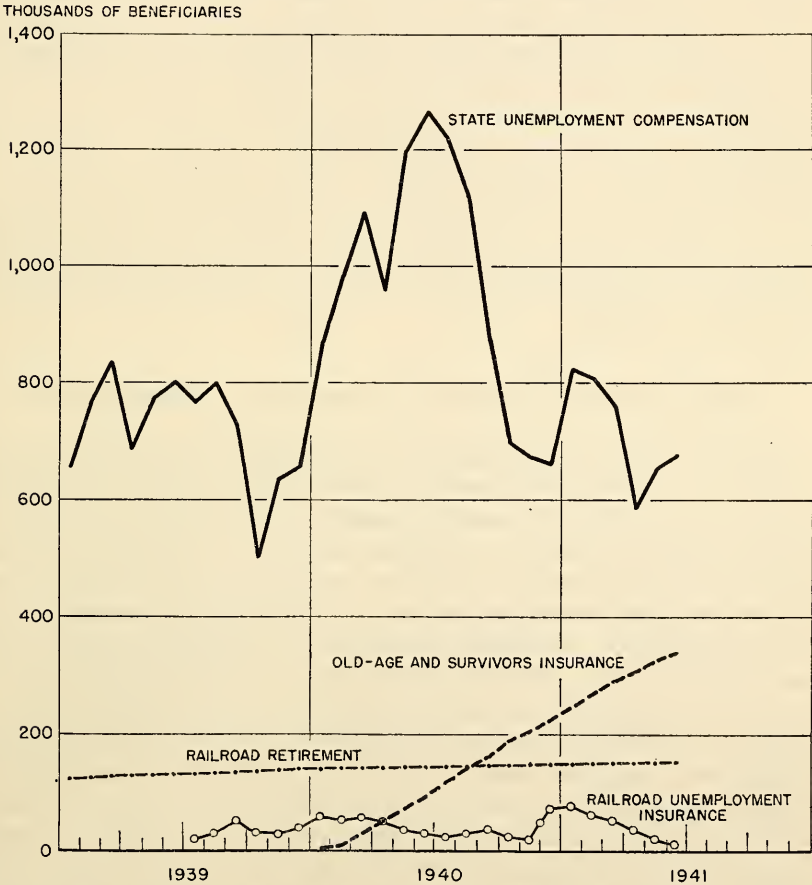
The place of social security and related payments in the stream of income payments to individuals may be seen in general terms in chart 2, which is based principally on estimates furnished by the Department of Commerce. In this chart the area for social insurance and related payments indicates amounts received by individuals under major public measures which base benefits for unemployment, retirement, survivorship, and disability upon rights accrued through previous service or employment. The measures here grouped for the fiscal year 1940-41 are the old-age and survivors insurance and unemployment compensation programs instituted through the Social Security Act, analogous Federal programs providing retirement and unemployment benefits for railroad workers, Federal retirement and disability pensions for war veterans, retirement provisions for employees of Federal, State, and local governments, and the State workmen's compensation laws. In the fiscal year 1940-41, payments to individuals benefiting from these social insurance and related programs represented 2.0 percent of the estimated total of all income payments to individuals in the United States. The course of payments for

Chart 3.—*Payments under selected social insurance programs, January 1938–June 1941*



certain elements in this total—that is, payments to individuals under State unemployment compensation laws, the Railroad Unemployment Insurance and Railroad Retirement Acts, and the old-age and survivors insurance provisions of the Social Security Act—is given separately for the period January 1938–June 1941 in chart 3; chart 4 shows the numbers of beneficiaries under these programs.

Chart 4.—Individuals receiving weekly or monthly payments under selected social insurance programs, January 1939–June 1941¹



¹ State unemployment compensation figures for 1939 represent individuals receiving benefits during week ended nearest middle of month; for 1940–41 represent average number of weeks of unemployment compensated in calendar weeks ended in month. Old-age and survivors insurance figures represent individuals for whom monthly benefits were certified during month, including wives, widows, children, and parents as well as primary annuitants. Railroad retirement figures represent individuals on roll at end of month, including disability annuitants; widows receiving both survivor and death-benefit annuities are counted twice, but 2 or more individuals sharing 1 death-benefit annuity are counted as 1. Railroad unemployment insurance figures represent individuals receiving benefits during 2d and 3d weeks of month for days of unemployment in registration periods of 15 consecutive days through November 1940 and of 14 days thereafter.

For the past fiscal year, the area in chart 2 for direct relief includes payments to recipients of the special types of public assistance, general relief, and other provisions for families in need; that entitled "work relief" represents, in general, earnings of persons employed on projects under Federal work programs. With minor differences due to the slightly different bases used by the Board and the Department of Commerce in compiling some types of expenditures, the items for direct and work relief summarize those shown in greater detail in chart 1. In the fiscal year 1940-41, payments to individuals for direct relief and work relief represented 3.2 percent of the estimated total amount of income payments to individuals in the United States.

Despite the very large sums involved, aggregate payments for social insurance and public aid were, therefore, a relatively small part of the total income received by American families. Of the total income payments received in this fiscal year, benefits, pensions, assistance, and work-program earnings together represented 5.2 percent of the total; wages, salaries, and other compensation of employees constituted by far the largest part, 64.9 percent; net entrepreneurial income, rents, and royalties constituted 18.4 percent; and dividends and interest, 11.4 percent.

Administrative Organization of the Social Security Board

No major changes have been made during the fiscal year in the organization of the Social Security Board, which functions as a component of the Federal Security Agency. Certain service functions relating to the respective programs have been transferred to the bureaus primarily responsible for the program, that is, to the Bureaus of Old-Age and Survivors Insurance, Employment Security, and Public Assistance. The staff of the Bureau of Employment Security was expanded, with the aid of emergency appropriations by the Congress, to meet special needs occasioned by the defense program. Plans were developed for decentralization of certain activities of this Bureau on a regional basis to facilitate increasing cooperation of regional personnel with staff of other Federal and State agencies concerned with the labor market and other defense activities. As in the previous fiscal year, legal services, personnel administration, and certain aspects of business management were supplied to the Board by offices of the Federal Security Agency which provide these services for the Agency as a whole.

In addition to the bureaus named above, the Washington offices of the Board include the Office of the Executive Director, the Bureau of Accounts and Audits, the Bureau of Research and Statistics, the

Office of the Actuary, the Appeals Council, and the Informational Service. The departmental organization is supplemented by offices in the 12 regions into which the country has been divided to effect the utmost feasible decentralization of administration. The field organization, responsible primarily for local operation of Federal old-age and survivors insurance, included at the end of the fiscal year 477 field offices, which are supplemented by branch offices and itinerant services. Major activities of all units are indicated in the appended functional chart and are summarized in the three following chapters on the major programs, in chapter V, which outlines general functions and services of the Board as a whole, and in appendix tables.

The three members of the Social Security Board serve under the direction and supervision of the Federal Security Administrator, Paul V. McNutt. There has been no change during the year in the membership of the Board, which includes Arthur J. Altmeyer of Wisconsin, Chairman; George E. Bigge of Rhode Island; and Ellen S. Woodward of Mississippi. Reappointment of Mr. Altmeyer, who has served as a member of the Board since its establishment and as Chairman since February 1937, was confirmed by the Senate on August 3, 1939, for a 6-year term expiring August 13, 1945. Mr. Bigge's appointment for a term expiring August 13, 1941, was confirmed on August 6, 1937.¹ Mrs. Woodward has been a member of the Board since December 30, 1938, first on a recess appointment and subsequently on an appointment confirmed by the Senate on January 12, 1939, for a term expiring August 13, 1943.

The responsibilities initially delegated to the members of the Social Security Board by the Social Security Act include determination of administrative policy; approval of State laws and plans as meeting the statutory requirements for Federal grants and certification of these grants; certification of State unemployment compensation laws to the Treasury for normal and additional tax-credit purposes; and study and recommendations concerning the most effective methods of providing economic security through social insurance and related legislation. The amended provisions of title II of the act designate the Chairman of the Social Security Board as a member of the Board of Trustees which is responsible for administering the Federal old-age and survivors insurance trust fund and for making regular and special reports to Congress on the operation and status of that fund. Under authority of the Reorganization Act of 1939 the responsibilities of the Board were augmented by Reorganization Plan No. I, which transferred administration of the Wagner-Peyser Act from the Department of Labor, consolidated functions of the United States Employment

¹ On August 6, 1941, the Senate confirmed Mr. Bigge's reappointment for a term expiring August 13, 1947.

Service with the unemployment compensation functions of the Board, and made the Board responsible for allotment of Federal funds to the States under the provisions of the Wagner-Peyser Act relating to public employment services.

Responsibility for supervision and direction of both the departmental bureaus and offices and the regional offices, for coordination of Federal-State relations, and for provision of certain centralized services is delegated to the Executive Director. That office was held throughout the year by Oscar M. Powell of Texas.

Progress in Social Security

Experience has amply demonstrated the soundness of the basic principles of the Social Security Act: the relation of assistance payments to individual need and of insurance benefits to the individual wage loss of the beneficiary. Through actual experience, the feasibility of operating under the major amendments made in 1939 is being demonstrated, notably with respect to the inclusion of survivors insurance and the earlier payment of monthly benefits under the Federal insurance system. The integration of employment service and unemployment compensation activities in 1939 further strengthened the program. The past year's experience, however, has also emphasized shortcomings in the basic legislation of which the Board has long been aware, has shown some anomalies arising in operation of the program, and has revealed additional problems. Discussion in the following pages is based on what the Board believes to be the primary intent of the initial and subsequent legislation—the development of a comprehensive, well-rounded program of social security in accordance with the ideals and needs of a democratic people.

In the system of free enterprise to which the United States gives allegiance, social and economic change is both a measure and a concomitant of progress. Rapid and far-reaching changes, however, may occasion disaster to individuals, industries, and communities. The interrelationships of an industrialized society entail many risks which a worker and his family cannot meet alone. If flexibility and freedom of economic enterprise are to be maintained, all whose living depends upon their labor must have a basic minimum protection against risks which interrupt or destroy capacity to earn. Current developments in the world about us demonstrate, moreover, the extent to which political stability depends upon the social and economic security of a people. Measures to offset three of the major universal risks to security—unemployment, old age, and death of the breadwinner—are already incorporated in the present program, though not in all

instances as effectively as may be hoped for the future. For assistance in disabling sickness, the other major hazard of workers and their families, there is only the limited provision of aid to the blind and, in certain circumstances, aid to dependent children.

The Board believes that experience now is sufficient to warrant thorough reexamination of the social security program and consideration of all practicable extensions and revisions found necessary to make it a comprehensive entity. Such an examination, which would have been important in any event after the initial years of operation, has become urgently necessary now as in the midst of world chaos and internal change the American people reaffirms its faith in democracy. The following paragraphs summarize briefly certain problems of social security for which, in the opinion of the Board, a satisfactory solution can be found only through congressional consideration and legislative action. An effort also has been made to indicate the directions in which, the Board believes, appropriate and practicable solutions seem to lie.

Old-Age and Survivors Insurance

The most immediate need in the Federal program of old-age and survivors insurance is extension of coverage, which is essential for the protection of the millions of workers still excluded and important for the effective and economical operation of the system. The Board believes that no insuperable administrative difficulty would now be encountered in extending coverage to any or all excluded employments. The expansion and accelerated tempo of industry and commerce and the development of public services under the impetus of the defense program are accentuating the serious problems of workers who move between covered employment and other jobs and who often cannot attain insurance protection in either. Special problems of coverage, which will be discussed subsequently, arise in connection with men called to the armed forces.

Agricultural and domestic employment.—The two largest groups excluded from Federal old-age and survivors insurance are wage workers and sharecroppers in agriculture and domestic workers in private homes. These typically low-paid workers need insurance protection at least as much as any of the groups now included. In addition to the workers in such jobs at any one time there are many others who work on farms or in private homes for part of a year or for a few years at some time in their working lives and by such breaks in coverage lessen or lose their chance to attain insurance protection from their covered employment. A stamp system, whereby stamps to record contributions could be sold by post offices and rural mail

carriers, has been suggested as an appropriate device to meet the major administrative problems of covering agricultural labor and domestic service.

Public employment and services for nonprofit organizations.—The Board reaffirms its belief that coverage should be extended to services for charitable, religious, educational, and other nonprofit organizations. Members and representatives of these groups have expressed increasingly a desire to participate in the program. The Board believes also that coverage should include all public employment by Federal, State, and local governments in such a way that the Federal insurance system would afford a basic protection on which would be superimposed the protection available through special retirement systems.

Self-employed persons.—It is the opinion of the Board that the old-age and survivors insurance system should be extended to the self-employed. There are probably some 10.5 million persons who are clearly self-employed, of whom almost three-fifths are in agriculture, one-sixth in retail trade, and the remainder in other business and the professions. This number does not include some one and one-half to two million persons whose status has sometimes been considered that of an employee within the meaning of the present act and sometimes has been held to constitute self-employment. This latter group includes, among others, insurance agents, canvassers, outside salesmen, sharecroppers, and nurses on private duty. The need of self-employed persons for the benefits now available to wage earners has not been questioned, and the Board has received many expressions of a desire for coverage.

Employment Security

In the unemployment compensation program, many problems analogous to those in old-age and survivors insurance are accentuated by reason of differences in the provisions of the State unemployment compensation laws. Coverage is more restricted and variations in State laws produce far greater differences than under the Federal insurance program in the payments for which workers in the several States can qualify. The existence of the separate State systems entails also particular difficulties with respect to the coverage and eligibility of workers whose jobs carry them across State lines; many such workers acquire some credits toward benefits in one or more States but not sufficient to qualify them for benefits in any State if they become unemployed.

Coverage.—About half the States have size-of-firm exceptions which exclude workers in establishments with fewer than 8 employees.

During the fiscal year only 11 jurisdictions, representing 14 percent of the total population of the continental United States, Alaska, and Hawaii, covered employers of 1 or more persons.

Nation-wide extension of unemployment insurance to small firms would give protection to workers in particular need of it. The Board believes that coverage should be extended also to workers engaged in quasi-industrial and commercial activities relating to agriculture. Nearly all State unemployment compensation laws exclude service performed as an officer or member of the crew of a vessel on the navigable waters of the United States; the Board believes that Federal provisions should be made for compensating unemployment of seamen. With more extensive coverage of gainful occupations, the system would provide greater protection for the many workers whose wage credits are now limited because no credits are acquired during periods of employment in noncovered jobs. Other coverage problems relating especially to defense are mentioned in the concluding pages of this chapter.

Benefit provisions.—During the past fiscal year, more than \$433 million has been paid under State unemployment compensation laws to nearly 4 million workers who were partly or wholly unemployed. This amount, large in the aggregate, has helped greatly to mitigate hardship in the millions of homes in which such payments were received. It has also helped to sustain trade in the towns and cities where these workers live and to support mass purchasing power.

In relation to the actual wage losses of individual workers, however, payments are often meager. Benefits under nearly all State laws represent about half the customary wages of the individual, ordinarily with a specified minimum amount and a maximum which is commonly \$15 a week and in no jurisdiction more than \$20. In many instances weekly payments for total unemployment have been as little as \$2 or \$3 a week. In most States the duration of a worker's benefits depends on his prior earnings. During the fiscal year the average duration of benefits paid to claimants ranged from 9 to 12 weeks rather than the legally specified maximums of 16 to 20 weeks provided under State laws; these averages conceal the fact that some workers were entitled to only 3 or 4 weeks of benefits. In the country as a whole, at least half the beneficiaries have exhausted all their benefit rights before the end of their benefit years.

The Board believes that the waiting periods now specified in most State laws are unduly long. In general the amount of benefits is inadequate. The most serious inadequacy, however, is the very brief duration of the benefits now available under State laws to qualified unemployed workers.

Financing.—For the country as a whole, though not in all States, contributions under State unemployment compensation laws have been more than sufficient up to the present time to finance the stipulated benefit payments. To provide reserves for contingencies, the amounts deposited by the States in the unemployment trust fund included in all instances contributions for at least 2 years before benefits were payable. In one State, however, total assets available at the end of December 1940 barely exceeded actual expenditures during the year of highest payments; for the jurisdiction with the most ample reserves, assets represented 8 years of such payments. For States in which resources seem ample to meet all potential demands, the question may be raised whether the present level of reserves has not been attained at the expense of the objectives of the unemployment compensation program. The benefit provisions initially adopted by nearly all States were conservative because there was little or no actuarial information at the time to indicate the amount and duration of benefits which could be safely provided on the basis of a 2.7-percent rate of contributions. Improvement of benefit provisions, not reduction of contribution rates, should be the first objective of unemployment compensation.

The great disparities in the relative amounts of the reserves accumulated by the States in these initial years reflect not only differences in the provisions of State unemployment compensation laws but also the widely varying impact of unemployment. Because of differences in industrial patterns and economic conditions, the States alone cannot take effective action to mitigate the present disparities in their provisions for benefits to unemployed workers and to make these provisions more nearly adequate throughout the country. Measures for experience rating which are to become effective in many additional States during the coming year introduce differences in State contribution rates and will intensify, among employers in different States, competitive inequalities which the Federal legislation sought to nullify by imposing a uniform Federal levy. Within a State, moreover, experience rating has introduced inequalities in the financial burdens of employers whose experience with unemployment differs for reasons beyond their own control. While the current rise in employment has lowered benefit expenditures, it is increasing potential obligations of State systems because of the increase in wage credits which workers are acquiring. It is clear that the rapid changes necessary for national defense entail temporary dislocations in industry and the unemployment of large numbers of workers until readjustments can be made. The cessation of defense activities will necessitate profound economic readjustments.

Basis of the employment security program.—It must be frankly recognized that experience is revealing inconsistency and inadequacy, from the Nation-wide viewpoint, in the operation of an unemployment insurance program based upon 51 independent State systems and linked by only the very general Federal requirements for approval of a State unemployment compensation law. For both unemployment insurance and employment service, it is more important than ever that efforts to promote the security of wage earners be geared to national needs and national resources. The operation of the defense program is emphasizing and increasing the interdependence of all areas of the country with respect to factors which affect workers and employers. The Board believes that immediate and careful examination of the unemployment compensation program is required to strengthen the basis of operation both for purposes of the present emergency and for general considerations of scope, effectiveness, equity to workers and employers, and continued solvency.

Public Assistance

In the field of public assistance there are also differences among the States which continue to be of deep concern to the Board. Both in the relative numbers of persons aided and in the levels of assistance payments, State variations are too great to be explained by differences in need or in living costs or standards. Since aid to the aged, the blind, and dependent children is provided in part through Federal matching grants, the Federal Government must countenance, in effect, a disproportionate use of Federal funds, in various parts of the country, for persons whose need is substantially similar. The States, moreover, place relatively less emphasis on aid to dependent children than on assistance to the aged and the blind. The Board is also concerned that in many instances payments for the special types of public assistance under approved State plans do not meet the needs of recipients adequately. Further, it recognizes that there are other groups of persons whose need is as great as that of the groups now provided for under the Social Security Act but for whom assistance is inadequate or lacking.

Basis of Federal grants.—Federal grants to States for assistance payments must now be made, under the provisions of the Social Security Act, on an equal-matching basis. The amount of the Federal contribution is therefore limited by that provided in the State. While many factors underlie the differences in numbers of recipients and amounts of payments in the several States, one of the most important is the capacity of the State to finance its share of the costs of adequate assistance payments. The Board therefore reaffirms a

recommendation which it has offered previously: that additional grants should be made to States with small resources of their own, according to objective standards which measure the relative economic capacity of the State. Under such a plan, the States with relatively low resources would receive proportionately larger grants of Federal funds to finance assistance programs.

Extent of Federal participation.—Under the present provisions of the Social Security Act, the Federal Government finances one-half the cost of assistance payments for old-age assistance and aid to the blind up to an individual monthly payment of \$40. For aid to dependent children, however, the Federal Government finances half the costs of assistance payments up to monthly payments of \$18 for the first child and \$12 for each additional child aided in the same home. Ordinarily the amount given for the children must provide for most or all needs of the mother or other relative who cares for them. The Board therefore believes that maximum Federal participation in the program should be broadened so that as much as \$20 a month in Federal funds may be used for the first child in a home and, as at present, \$6 for each additional child aided. At the present time Federal funds can be used only for children whose loss of support or care is due to the death, incapacity, or absence from home of a parent. The Board believes that authority should be broadened to provide for Federal participation in payments to any needy dependent child deprived of parental support or care. In determining the amount of assistance payments under this and the other assistance programs, the Board believes that the act might explicitly permit State agencies to take into account the need of other persons in the home whose presence is essential for the well-being of the recipient.

Because of the lower maximums for Federal participation, States and localities have been obliged, when State or local resources permitted, to finance from their own funds a higher proportion of the costs of the program for aid to dependent children than of those for the other two programs. On the whole, the needs of children probably are met less adequately at the present time than are those of the aged or the blind. Increased Federal aid for children would serve, it is hoped, to shift some of the disproportionate burden of this program from the States and so enable them to give more nearly adequate aid in terms of the number of children aided and the amounts of payments. Such a provision also might encourage the States which have not already done so to make use of the Federal resources available to them under the Social Security Act for operation of approved plans for aid to dependent children.

The 1939 amendments to the Social Security Act changed the basis

of Federal participation in costs of administering aid to the blind but not of old-age assistance. The Board believes that the Federal grants for administering old-age assistance should be placed on the same basis as that now used for aid to the blind and aid to dependent children, that is, provision of Federal funds to pay half the necessary costs of administering an approved plan.

Eligibility requirements.—Liberalization of certain eligibility requirements incorporated in some State plans would broaden and simplify operation of the public assistance programs. In some States the residence requirements for old-age assistance and aid to the blind are still the maximum permitted by the Social Security Act for approval of State plans, i. e., residence in at least 5 of the 9 years preceding the application and in the year immediately preceding. These requirements prevent otherwise eligible aged and blind persons from receiving needed assistance. The Board is of the opinion that the Federal requirements should be changed so that public assistance plans, to be approved, may not deny assistance on the score of residence to applicants who have resided in the State for the year immediately preceding application. Such a requirement has been in effect for all States with approved plans for aid to dependent children since the beginning of the social security program. At the present time a requirement of a year's residence or less has been adopted by eight States for old-age assistance and by nine for aid to the blind.

Unnecessary restrictions and harshness also result from the requirements of some States that applicants, to be eligible for assistance, must give to the State an assignment or lien on real property. Some States also deny assistance to persons who have legally obligated relatives who are able to support them. The Board believes that any assignment or lien which may be taken should not become operative so long as the recipient or spouse may live, and that assistance should not be withheld from any applicant on the ground that relatives are able to support him if in fact they do not do so.

At the present time Federal matching funds may be used toward payments to dependent children who are aged 16 and 17 years only when the child is attending school regularly. This requirement has tended to overemphasize the unqualified fact of school attendance in relation to other factors in the family situation. Often appropriate school facilities are not available, especially for mentally defective children and those in need of special vocational training. If a child is working, he is usually not in need and therefore is automatically excluded. Arbitrary exclusion of a needy child because of non-attendance at school sometimes also creates a hardship for other needy children in the family in that the needs of the ineligible child

are met from the payment made for the others. School attendance can be encouraged more appropriately through methods other than a provision which restricts consideration of need.

The Board has found it increasingly difficult to clarify Federal and State responsibility for the care of Indians on reservations who are potentially eligible for public assistance. One way of meeting this difficulty might be to authorize Federal reimbursement to States for the full cost of assistance to Indians on public Indian reservations and the cost of administering such assistance. It has been suggested that the Social Security Board be authorized to enter into agreements with the Office of Indian Affairs and State agencies concerning the use of the Office of Indian Affairs for administration of such assistance.

Medical care for recipients of assistance.—The provision of medical care for recipients of public assistance has continued to be a major problem of State and local agencies. Under present provisions of the Social Security Act, Federal matching of the costs of medical care is permissible only when these costs are met from the assistance payment to the recipient. Limitations on maximum payments and the limitation of funds, as well as other factors, have prevented States from providing adequate medical care for recipients. The Board believes that there should be Federal participation, up to a specified maximum, in direct expenditures made by the public assistance agency for medical services and supplies for persons whose requirements were considered in determining the need for assistance and the amount of the assistance payment. The funds used for medical care under all approved plans in the State could be combined and the Federal reimbursement made on the basis of the total costs.

General Assistance

Adequate resources for general assistance are essential to meet the needs of persons who do not fall within the special groups now aided under the public assistance and insurance programs of the Social Security Act or who are not employed under Federal work programs. While it may be hoped that social insurance will serve in time to prevent or offset a larger measure of poverty and dependency, at all times there will be families whose need cannot be met under the necessarily fixed requirements of insurance programs or whose benefits must be supplemented to meet particular needs. Available funds for general relief are grossly inadequate or wholly lacking in many areas, especially in localities which are dependent upon local resources without supplementation by State funds. Usually general relief

payments are relatively much lower than the amounts given the aged, the blind, and dependent children.

Total expenditures for general relief declined sharply during the fiscal year, in part because of improvement in general economic conditions. A large share of the case load of the relief agencies, however, comprises families which have no employable members, and demands on States and localities will therefore continue. In some areas affected by the defense program, problems of general relief have been intensified. The Board is of the opinion that Federal grants-in-aid such as those now authorized by the Social Security Act for the special types of assistance should be made available to the States for general assistance. Such a measure would provide for many needy groups, including needy migrants, who are without recourse to adequate assistance. It would also provide a flexible means for dealing with dislocations resulting from the defense program and with the readjustments which will be necessary when that program is ended. Federal grants for general assistance should not be considered as a substitute for Federal work programs but, rather, as a method of enabling work programs to function more effectively by relieving them of burdens which are not appropriate to a work program and can better be carried through direct assistance.

Sickness and Disability

Problems of sickness and disability cut across all programs administered by the Board. Except in periods of mass unemployment, sickness, disability, and death of the breadwinner constitute by far the most important causes of poverty and dependency. In the majority of the families accepted for aid to dependent children, assistance has been made necessary by the incapacity or death of the father. Loss of time from work because of temporary or chronic disability keeps many workers from qualifying for benefits under the insurance programs and diminishes the benefits of those who do qualify. The absence of systematic provision for compensating wage losses due to disability and for meeting the larger costs of medical care is a major shortcoming in social security in the United States.

The unemployed wage earner who is well and available for a job may draw the insurance benefit for which he qualifies. A wage earner who is out of work because he is sick is not entitled to an unemployment benefit even though his past work and earnings could have qualified him for benefits had he been merely unemployed. Nor has he, in the large majority of instances, adequate provision to tide him and his family over the period when he cannot earn. The worker who

is chronically disabled in old age may qualify for a retirement benefit, but the man disabled in younger years, unless by occupational injury or disease covered by a State workmen's compensation law, has no recourse to social insurance, though his family responsibilities may be at their height. If his disability is long-standing, any current protection he may have earned for his dependents in the form of survivors insurance is likely to lapse. It is significant that in most countries sickness insurance antedated unemployment insurance and has proved a method of preventing undue demands upon unemployment funds. Except Spain, every other country in the world which has a system of old-age insurance has made provision for chronic or permanent total disability.

When the Board made its report to the President and the Congress in 1939 on proposed changes in the Social Security Act, it deferred recommendation of immediate steps to include compensation for wage losses resulting from sickness and other disability. At that time experience had not yet been developed in the payment of monthly benefits, and further study was needed of costs and administrative problems. The Board is convinced that a system of disability compensation would now be feasible and that it is a necessary adjunct to the existing programs. Information has been assembled on measures which might be found practicable to furnish security against wage loss during periods of permanent and temporary disability.

The Board believes also that measures to assure adequate medical care to all persons who need it and to protect workers and their families against the costs of medical care are of basic importance to social and national security and that a beginning should be made in this field. This belief has been confirmed in recent months by the fact that a large proportion of the young men who are in the ages when health should be at its best have been found physically unfit to enter the armed forces.

Special Problems Occasioned by the Defense Program

Proposals made in earlier pages would go far toward meeting some problems of social security which have been accentuated or created by the defense program. Coverage of public employees by Federal old-age and survivors insurance, for example, would provide continued protection for persons who leave private employment to enter public civilian services. Adequate development of the program for aid to dependent children and, even more important, development of a system of Federal grants to States for general assistance would help to meet some of the situations which must be anticipated when national needs make it necessary for many families to change their place and

manner of living and, in some instances, their means of support. The resources used by the United States Employment Service to mobilize labor for national defense can be expected to prove of major importance in the period of readjustment which will inevitably follow cessation of such activities.

Particular problems relate to men who have been called from their customary pursuits into national service, whether in the civilian branches or the armed forces. In equity to them, provision must be made so that insurance rights which they have already acquired, or those which they would have gained had they not entered Government service, will not be lost or impaired. About three-fourths of the States have made some provision for preserving unemployment benefit rights of workers inducted into military service. In seven States, however, legislatures which will not be called into regular session for 2 years have adjourned without taking action; in these States men who leave the service and are unable to find jobs ordinarily have no rights to benefits on the basis of their past employment. There are, further, many men in military service who have not been covered by State unemployment compensation laws and hence have no protection under the State systems.

With respect to Federal old-age and survivors insurance, it would be possible to protect the worker from the loss of existing insurance protection or ultimate diminution of his legally defined average wage, on which the amount of his benefit is based, by extending the coverage of the system to include employment with armed forces. Such a plan, however, could be developed satisfactorily only if it is coordinated with programs already available to the armed forces and with veterans' programs.

In the operation of the Selective Service System and in the mobilization of the National Guard, deferment or exemption of men with certain dependents has been authorized. This authority and the policies used in induction have doubtless minimized possible problems concerning the security of family dependents of men in the armed forces. Experience of the State and local public assistance agencies indicates, however, that the status of a household often changes and individual problems of dependency arise after men have been inducted. In response to requests from State agencies, the Board has approved use of Federal funds toward payments for dependent children who are in need by reason of the father's absence from home for military service. If any substantial volume of need should develop among dependents of men in military service, the most effective course, the Board believes, would be Federal assumption of responsibility for providing assistance to dependents.

The Goal of Social Security

The objective underlying the proposals discussed in the preceding pages is the continued development of the social security program to provide a firm base for the economic security of all families in the United States. The Board wishes to emphasize its belief that the program should envisage only the minimum protection needed as the ground work for individual initiative and thrift. In the modern world, individual effort may avail little unless there is a social bulwark against forces and catastrophes which overwhelm large groups despite their best endeavor. In the absence of such a bulwark, it is as difficult in ordinary times for most of the American people to live out their lives in individual independence, contentment, and security as it would be if, in time of war, the country were without military defenses.

The method of social insurance, in full harmony with American traditions, is a form of joint action with individual responsibility. It represents the collaboration of workers and their employers and the Government of all the people. The benefit which a worker draws when he cannot earn is the outcome of his previous labor. The complementary measure of social assistance is needed in the common interest for those who, because of childhood, advanced years, or disability, have been unable to earn a place in a system based on labor. It provides also for those whose individual misfortunes are so serious that their needs transcend the insurance provisions designed in accordance with the circumstances of large groups. Together, social insurance and social assistance have greatly mitigated individual hardship and social insecurity in the United States. A continuance of progress requires, now and in the future, continued efforts to evaluate past experience, to correct the errors and inadequacies which experience discloses, and to use to the full the new opportunities of new times.

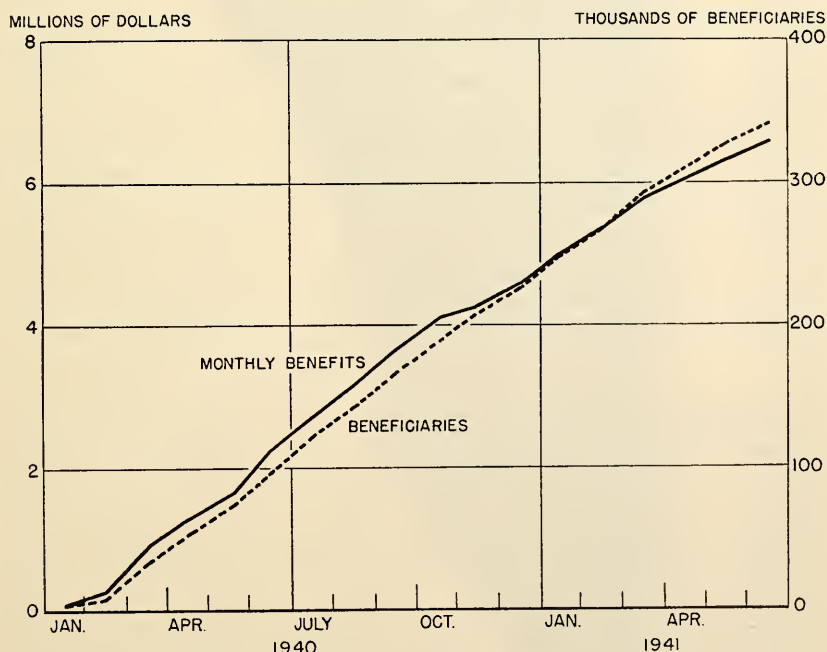
Social insurance and social assistance are only two aspects of a social security program in its broadest sense. The Board is keenly aware of the many economic factors which influence the well-being of the Nation and of the many measures required to serve the public welfare and safety. Save in time of war, however, there are few aspects of our common life which so directly concern the individual lives of millions of Americans from infancy to old age as the group of programs instituted under the Social Security Act. In a period of national stress such as that which the country now faces, social security is a beacon which affirms the ideals of a democracy and lights the way toward the further progress of a democratic people.

• II •

Old-Age and Survivors Insurance

THE FISCAL YEAR 1940-41 was the first throughout which monthly benefits were payable under the old-age and survivors insurance program. As was to be expected at the beginning of an insurance system which provides for continuing payments over long periods of time, there was a rapid and continuous rise in the number of beneficiaries on the rolls and in the total amount of monthly payments. The increase, however, was less than had been anticipated, doubtless in part because the employment occasioned by the defense program made it possible for many older workers to continue in jobs from which otherwise they would have retired, and enabled others to forego, during periods when they returned to work, benefits to which they were already entitled. The impact of the defense program was evident also in a considerable increase in the number of workers in covered

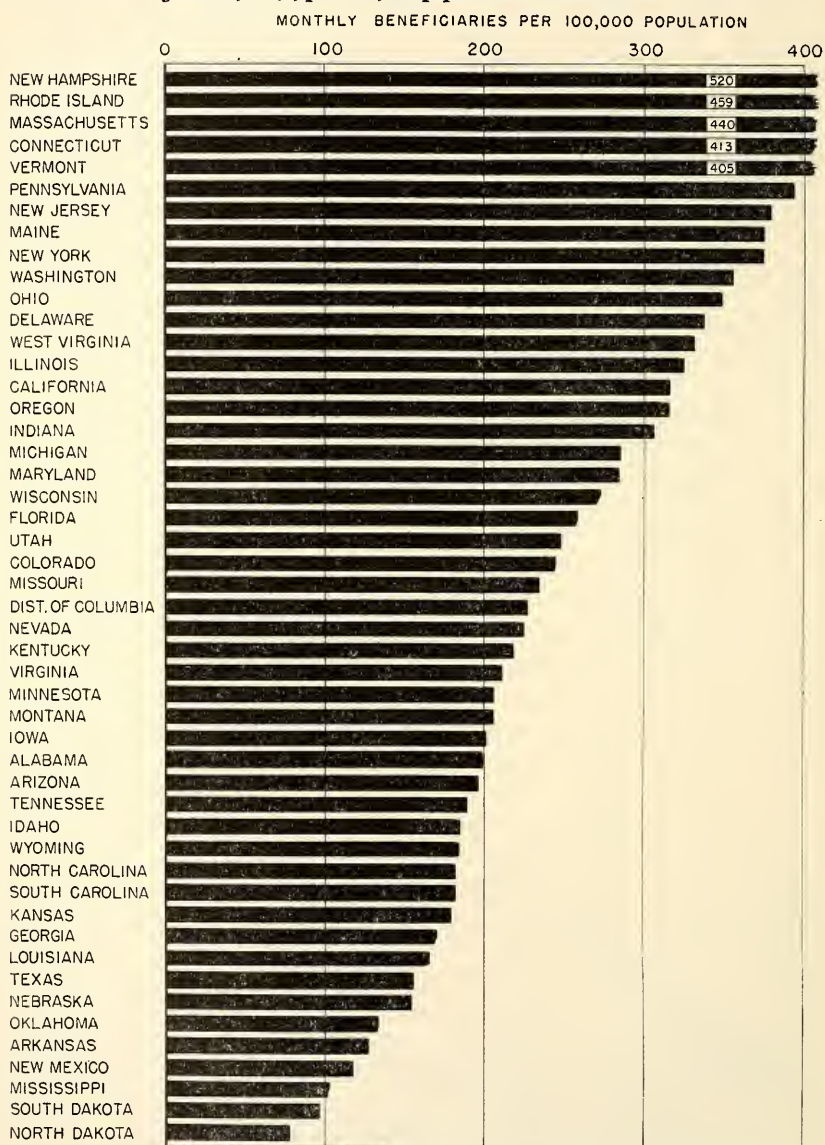
Chart 5.—*Old-age and survivors insurance: Amount of monthly benefits certified and number of beneficiaries, January 1940-June 1941*¹



¹ Includes retroactive benefits. For fiscal year 1940-41, see table B-9.

employment, in the amounts of taxable wages reported by employers, and in the contributions paid on the basis of such wages by employers and employees. The greater volume of covered employment and, in some instances, higher wage rates served to increase credits toward

Chart 6.—Old-age and survivors insurance: Individuals on monthly benefit rolls, June 30, 1941, per 100,000 population in each State ¹



¹ See also table B-7. Total population as of Apr. 1, 1940, from the U. S. Bureau of the Census.

future benefits, which were acquired during the year by a majority of all gainful workers in the United States.

The Program in Summary

Responsibilities of the Social Security Board for administration of old-age and survivors insurance are delegated, except for appeals procedures and certain legal services, to the Bureau of Old-Age and Survivors Insurance. Procedures for hearing and review of appealed claims and disputed wage-record entries are maintained by the Appeals Council. The activities of the Bureau are conducted in close collaboration with the bureaus and offices of the Board responsible for coordinated services in the fields of research and statistics, actuarial studies, accounting and auditing, and informational services, and, in matters of joint concern, in cooperation with the bureaus responsible for the employment security and public assistance programs. The operations of the Board entail, moreover, close and continuing collaboration with the Office of the General Counsel of the Federal Security Agency; the Treasury Department, which administers the provisions governing employer and employee contributions and disburses all benefit payments; and other Federal agencies with related interests, chief among them the Railroad Retirement Board.

Activities of the Board during the fiscal year 1940-41 were largely devoted to the continuing development of policies and procedures for the adjudication and payment of claims for monthly benefits, in which there was previously only a half year's experience. Procedures instituted in earlier years for establishing workers' accounts and recording their taxable wages, on which benefits are based, were maintained with increasing effectiveness despite the additional volume of work arising from the expansion of covered employment, and consideration of the further development of the program was continued.

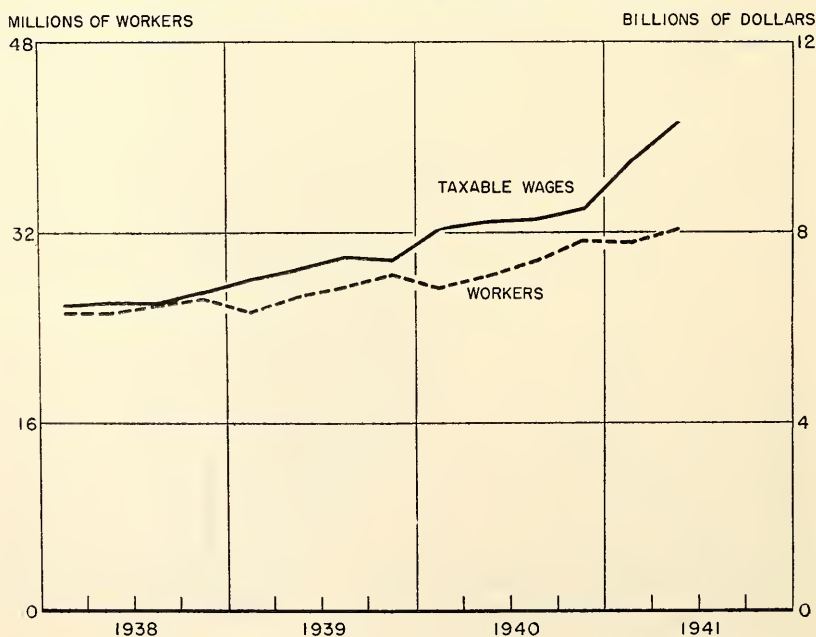
Covered Employment and Taxable Wages

During the calendar year 1940, it is estimated, some 35 million different individuals earned taxable wages totaling \$32.9 billion in employment covered by the program. The total number of individuals for whom employers reported taxable wages in 1940 exceeded by nearly 2 million the number reported in 1939, and the amount of wages reported was greater by about \$3.7 billion. There was, accordingly, a rise in the average taxable wage from \$882 in 1939 to \$940 in 1940, an average appreciably higher than that reported for any previous year. Each quarterly report for 1940 indicated increases

from the corresponding period of 1939 in the number of covered workers on the last day or last pay roll of the quarter, in the total number of workers with covered employment in the quarter, and in the quarterly amount of taxable earnings. Contributions collected by the Treasury from employers and employees under the Federal Insurance Contributions Act increased from \$608 million in the fiscal year 1939-40 to \$688 million in 1940-41.

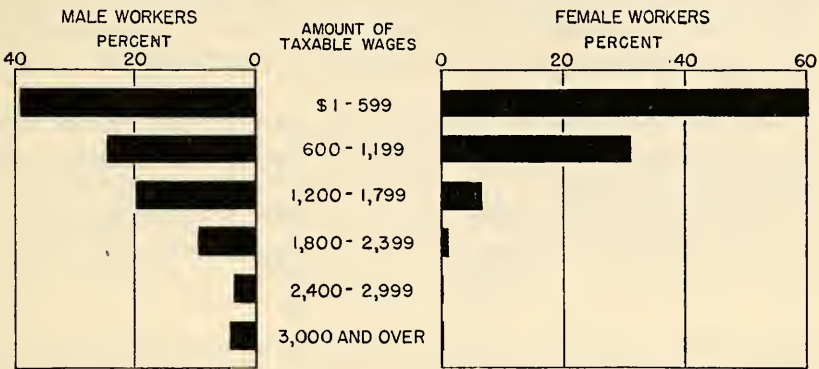
The rise in covered employment and taxable wages continued in the first two quarters of 1941. As of the last pay roll in March 1941, employers reported 29.6 million workers in covered employment; and as of the end of June, 30.9 million. These figures are greater by 3.3 million and 3.7 million, respectively, than those for the end of corresponding quarters of the preceding year. Similarly, total taxable wages reported for January-March 1941 exceeded by \$1.5 billion, and those for April-June 1941 by \$2.2 billion, the amounts reported for the corresponding periods of 1940. The number of employers reporting under the program increased from 1.8 million in the first quarter of 1939 to nearly 2.0 million for the same period in 1940, and to 2.1 million in the first quarter of 1941. There was also a marked increase in the spring of 1941 in the number of workers

Chart 7.—*Old-age and survivors insurance: Workers with taxable wages during quarter and total taxable wages reported for quarter, January 1938-June 1941*¹



¹ See table B-2.

Chart 8.—*Old-age and survivors insurance: Percentage distribution of male and female workers with taxable wages in 1939 by amount of such wages*



who applied for account numbers. In many instances these current applicants are young persons who are entering employment directly from school because of the opportunities arising from the defense program, and women and older workers who for similar reasons have found it possible to reenter the labor market. Since rights to insurance benefits are based on the extent of a worker's covered employment and the amounts of his taxable wages, the increase in the volume of covered employment and in the total amounts of taxable wages reveals significant extension of the current and future protection afforded by the system.

Information now available on the taxable earnings of individual workers indicates that workers who are more or less continuously attached to covered employment receive on the average amounts which entitle them to substantial current and future protection. On the other hand, in any year there are many persons for whom only small amounts of taxable earnings are reported. Some of these workers with low taxable wages in a given year are in the labor market for only a few months of that year—for example, students working during vacations, young persons taking their first jobs, or young women leaving work on marriage. Many of these young persons will acquire insured status in future years; with the continued operation of the system, many persons who leave the labor market will have such insured status as the result of past covered employment or, in the case of married women, insurance protection derived from the husband's wage record. Others whose taxable wages in a year are too low to entitle them to substantial credits toward benefits are individuals who engage in gainful work only incidentally and therefore are not permanently attached to the labor force. From the social standpoint, the serious problems are those of workers whose annual

earnings in covered employment are very low by reason of low wage rates and involuntary unemployment or because their work shifts between covered employment and jobs not covered by the program, such as agricultural labor, domestic service, governmental service, and self-employment.

Under existing provisions, many gainfully occupied persons who work intermittently in covered and noncovered jobs cannot acquire systematic protection against the risks covered by the old-age and survivors insurance program. This situation is the more serious at the present time by reason of the workers who are transferring from covered jobs to the armed forces or to public work incidental to the defense pro-

Chart 9.—*Old-age and survivors insurance: Deceased workers on whose wages monthly benefits or lump-sum death payments were awarded in 1940 and number of beneficiaries for whom monthly benefits were awarded, by age of worker at death*

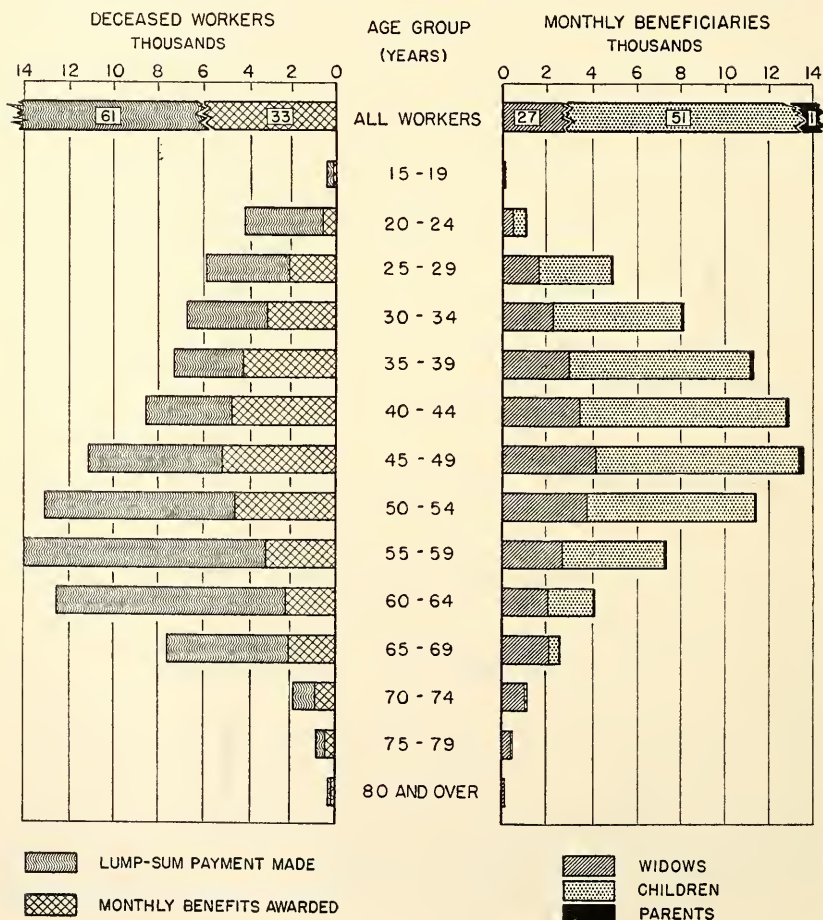
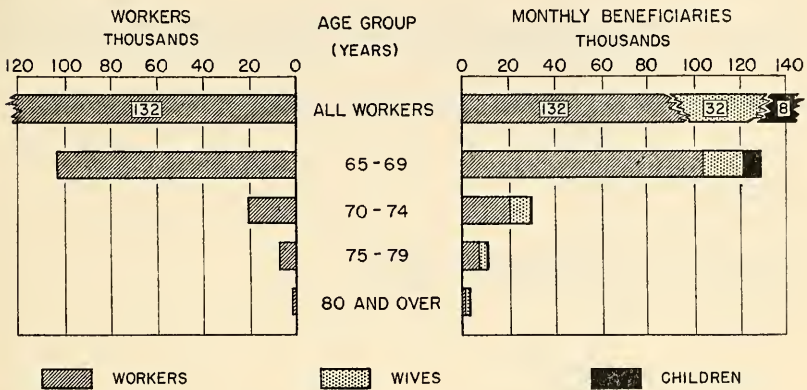


Chart 10.—*Old-age and survivors insurance: Workers aged 65 and over on whose wages primary benefits or primary and supplementary benefits were awarded in 1940 and number of beneficiaries for whom monthly benefits were awarded, by age of worker at entitlement*



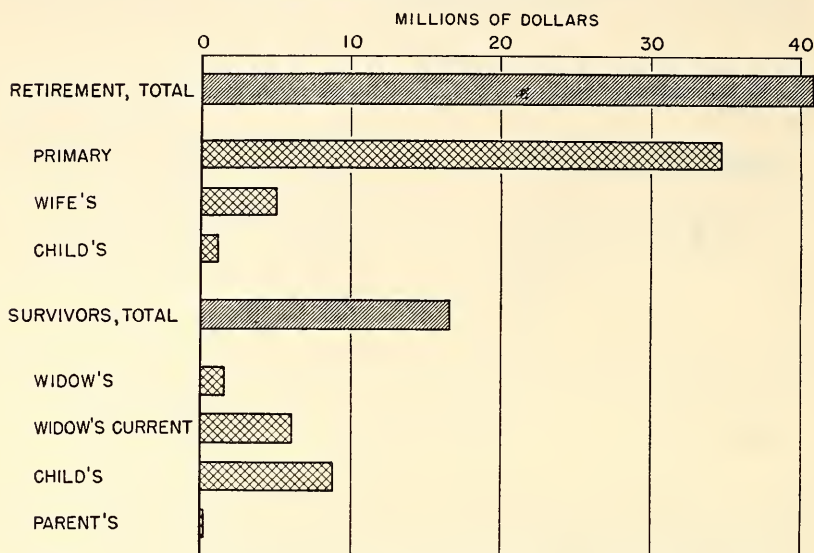
gram; many such persons risk a loss or diminution of the rights already acquired under Federal old-age and survivors insurance without a gain of corresponding rights under any other program. Extension of coverage, coordination of existing public provisions for retirement and survivors' benefits, and measures for preserving insurance rights of men called to the armed forces are therefore of special importance at this time.

Benefits and Beneficiaries

At the close of the fiscal year 1940-41 more than 370,000 men, women, and children were entitled to receive monthly insurance benefits amounting to nearly \$7 million a month. More than 245,000 monthly benefits, or about two-thirds of those in force, had been awarded to aged persons—workers, their wives or widows, or the parents of deceased workers. The remaining monthly benefits were awarded to children of deceased or retired workers and to widows aged less than 65 years who had such children in their care.

During the year and a half in which monthly benefits had been payable, some 532,000 claims were awarded for monthly benefits and lump-sum death payments under the 1939 amendments. Payments certified for such claims amounted to \$79 million as of June 30, 1941; of this total, \$64 million was certified for monthly benefits and more than \$15 million for lump-sum death payments. In this same period, lump-sum death payments totaling about \$3 million were awarded under the 1935 provisions of the act with respect to the wage records of 39,000 workers who died prior to January 1, 1940. In June 1941

Chart 11.—*Old-age and survivors insurance: Amount of monthly benefits certified by type of benefit, fiscal year 1940-41*¹



¹ See table B-9.

payments certified for monthly benefits totaled \$6.5 million, as compared with \$2.3 million in June 1940; lump-sum payments amounting to about \$1.0 million were certified in each month of the fiscal year.

During the calendar year 1940, the average old-age benefit awarded to workers on the basis of their own wage records was approximately \$23 a month; for men the average was slightly more than \$23, and for women about \$18. Since the 1939 amendments to the Social Security Act shifted the emphasis of the program from the protection of the aged individual to family protection, total payments to a family give a more realistic measure of the protection afforded. For families in which both the retired worker and his wife were beneficiaries, or in which the worker and one or more children were receiving benefits, the average was nearly \$37 a month. The average monthly amount awarded to a widow and one child was \$34; to a widow and two children, \$47; and to a widow and three children, \$51. To families in which only a child or children of deceased workers received benefits, the average amount was \$12 for one child, \$23 for two children, \$34 for three children, and \$47 for four or more children. Smaller average amounts were paid to aged widows of deceased workers and, in the absence of a surviving wife or child under age 18, to an aged parent or parents who had been dependent upon the deceased worker.

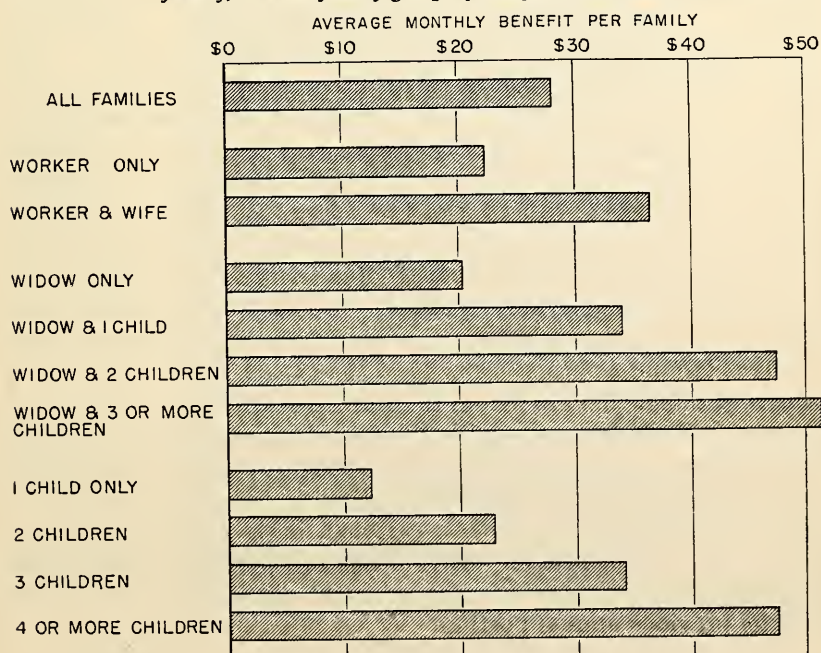
Among beneficiaries of each type there is a considerable range in

the amounts received, which are based upon the legally defined average wage of the worker with respect to whose wage record the benefit is payable. The benefit formula is weighted in favor of the low-paid worker, and for this reason nearly 40 percent of all primary benefits are amounts of \$20 to \$25 a month; more than 30 percent, however, are larger amounts. There is a similar dispersion in the amounts of benefits of other types. Thus it appears that the system is achieving the objective of paying substantial benefits to low-paid workers, while at the same time paying larger benefits to higher-paid workers in accordance with their higher earnings. Also as a result of the weighting of the benefit formula and because of the minimums and maximums, there is relatively less variation among the States in average benefits than in average taxable wages. The averages for primary benefits awarded in 1940 ranged from about \$19 a month in Mississippi to about \$25 in New Jersey (chart 13).

Administrative Developments

Regular monthly payment of benefits necessitates continuous activities to keep abreast of changes in the status of beneficiaries which would affect their continuing entitlement to benefits; to learn of circumstances, such as return to covered employment, which

Chart 12.—Old-age and survivors insurance: Average monthly benefit awarded per family, selected family groups of beneficiaries, 1940



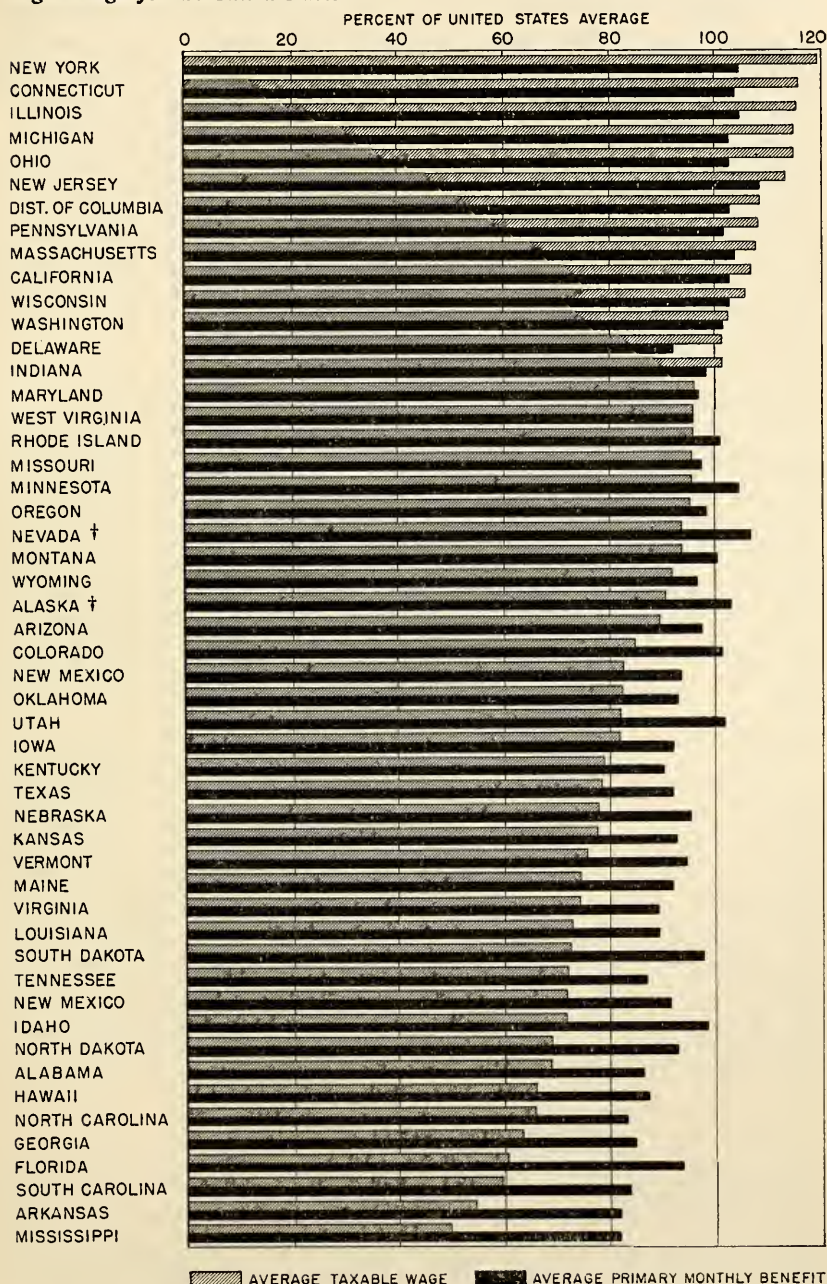
require suspension of payments; to record changes in the addresses of beneficiaries; and to effect the monthly recertification to the Treasury Department of the roll of beneficiaries to whom checks are to be mailed. Analyzing the economic status of those who receive benefits, devising means for advising them of their responsibilities, and studying the problems of compliance and continued eligibility have been major administrative responsibilities during this fiscal year.

To these ends, an educational campaign was undertaken for operating personnel and, almost simultaneously, for beneficiaries and potential beneficiaries. In meeting the special requirements for the continued receipt of certain types of benefits—for example, those for children—cooperative arrangements were made with schools throughout the country and with welfare agencies of certain States. The mature experience and recommendations of other agencies disbursing regular payments were considered and utilized, and foreign techniques were also appraised.

In the process of adjudicating claims, many problems have arisen in obtaining necessary proofs of age, death, relationship, or dependency; in determining whether particular services are covered; and in interpreting and applying the eligibility and benefit provisions. Procedures for the determination of age and death have been evaluated and improved. With more mature experience, the problems of administration encountered in applying the relationship and dependency requirements for wife's, widow's, child's, and parent's benefits have been brought nearer to a satisfactory solution. New questions have arisen which have required collaboration with public welfare agencies, particularly with respect to the guardianship and adoption of children. Much attention has been given to mutually agreeable interpretations of "employment" covered by old-age and survivors insurance on the part of the Board, the Bureau of Internal Revenue, and the Railroad Retirement Board. Further progress was made in providing for reconsideration of determinations of the Bureau of Old-Age and Survivors Insurance on benefit claims and wage entries and, when requested, for hearing and review of Bureau determinations by the Appeals Council.

Organizational changes within the Bureau of Old-Age and Survivors Insurance, effected to cope with the complexities introduced by the benefit program, included delegation to a single division of all processes concerned with the control of claims. Revision of wage-record activities on a functional, rather than regional, basis was completed. A method was established for distributing the posting of wage items throughout the year and has proved more efficient and economical than the previous annual posting.

Chart 13.—*Old-age and survivors insurance: Average primary monthly benefit awarded in 1940 and average taxable wage in 1939¹ for each State as percentages of corresponding averages for the United States*



¹ See table B-3.

† Less than 100 claims for primary monthly benefit awarded.

Program Evaluation

Attention during this growing period, however, was not restricted to establishing accounts, maintaining wage records, and adjudicating and paying claims for benefits. Effort was devoted to evaluating progress thus far made and to planning for the future development of the program. The existing program has been weighed to determine how well it is fulfilling the purposes for which it was designed. Administrative experience in the adjudication of claims has been analyzed to uncover and correct imperfections and anomalous situations. Statistics of the wages and employment experience of covered workers and of the characteristics of claimants are being compiled and analyzed to determine whether eligibility requirements and the benefit formula are appropriate to the employment and earnings experience of the large mass of covered workers.

The present law gives potential protection to only about two-thirds of the labor force of the United States. Extensive studies have been made, proceeding on the basis of investigations commenced last year, of the feasibility of including workers in the large areas of employment still unprotected, chief among them agricultural labor, domestic service in private homes, and employment by nonprofit institutions and governmental units and instrumentalities. Most self-employed persons also need insurance protection. Emphasis has been placed during the year upon developing data as to the economic characteristics of these groups and evaluating proposals to extend the program to meet their basic needs.

Studies likewise have been made, in consultation with representatives of the Veterans Administration and the War and Navy Departments, of the insurance status of workers inducted under the Selective Training and Service Act or called to other branches of the armed forces. In this and other connections, questions concerning the interrelationships of existing governmental retirement systems have also been subjected to close study. It is recognized that a series of unrelated protective programs is wasteful and often proves inequitable to persons who transfer from one job to another. Attention likewise has been given to extension of the scope of the program through provision for workers who are chronically disabled and for their dependents.

Determining Rights to Benefits

The foundation for handling the new types of claims had been laid before monthly benefits became payable, and the first half year's operating experience established the soundness of the basic planning. During the fiscal year, however, new questions arose which could not

have been anticipated and for which, as a consequence, policy had not been determined. Tentative policies and procedures adopted during the early administration of the new provisions of the law were reexamined and appraised in the light of continuing experience.

Defining and Determining Coverage

Administrative responsibility for the contribution and benefit provisions of the old-age and survivors insurance program is divided. The Board relies in large part upon the tax returns of employers subject to the Federal Insurance Contributions Act for reports of taxable wages to be entered in the accounts of individual workers, and, since the Bureau of Internal Revenue, which administers the tax provisions, is the agency responsible for determining the liability of employers, the quarterly wage reports of employers reflect the rulings of that Bureau with respect to covered employment and taxable wages. The Board, however, is responsible for final decisions on the rights of claimants to benefits under the program and must define covered employment and wages when claims for such benefits are adjudicated. Although these terms are identically worded in the Federal Insurance Contributions Act and title II of the Social Security Act, conflicting evidence submitted to the two Federal agencies has at times resulted in divergent rulings on liability for contributions and rights to benefits.

To promote uniformity in the interpretation of the law by the two agencies, the field offices of the Board and the collectors' offices of the Bureau of Internal Revenue exchange information relative to the liability of individual employers, and contemplated rulings by either agency which affect the administrative procedures of the other are discussed prior to issuance. As a further aid, a coordination committee has been established, at the request of the Board, to review questions of coverage after efforts to coordinate Board and Internal Revenue opinion have been unsuccessful. The coordination committee consists of representatives of the Office of the General Counsel of the Federal Security Agency, of the Office of Chief Counsel of the Bureau of Internal Revenue, and of the Claims and Tax Division of the Department of Justice. The Department of Justice is represented on the committee to assure impartial consideration of the questions at issue and to provide judgment of the agency which will be responsible for representing the Government in any litigation which may arise in connection with Board decisions on claims and Internal Revenue decisions on tax liability. While opinions of the committee are not binding, they do in fact contribute greatly to uniformity in interpretations by the agencies.

The results of the committee's decisions are far reaching in that

they not only have established protection under the old-age and survivors insurance program for thousands of employees of certain large companies but also have afforded a precedent for similar decisions with respect to the services of hundreds of thousands of workers in similar types of employment. All aspects of the problems confronting the agencies involved are being reexamined with a view to eliminating the anomalies resulting from the dual responsibility for the collection and benefit functions, obtaining more expeditious and economical administration through avoiding duplication of personnel or records, assuring uniform interpretation in rulings and regulations, bettering public relations by obviating dual investigations of employers, and by furthering knowledge of the provisions of the act on the part of wage earners, claimants, and employers.

Consideration has been given to anomalies in coverage provisions and their possible effect on the basic principles of the contributory system. Certain quasi-public corporations, for example, were specifically exempted from all Federal taxation under the respective statutes creating them. The Social Security Act and the Federal Insurance Contributions Act do not list this type of corporation in their exclusions. The Bureau of Internal Revenue has ruled in such instances that the original statute creating such a corporation is controlling. Nevertheless the employees of such employers are subject to the income tax imposed by title VIII of the Social Security Act and the Federal Insurance Contributions Act.

Other coverage problems have been the subject of study and research. Services performed in Hawaii for sugar and pineapple plantations presented a complex problem with respect to the application of the "agricultural labor" exception in the Social Security Act. The segregation of services of a nonagricultural and of an agricultural nature has been considered, together with a procedure concerning the value and reporting of perquisites furnished by the plantations to their employees. The nature and scope of "ritualistic services" performed for fraternal beneficiary societies, orders, or associations, exempt from income tax under section 101 (3) of the Internal Revenue Code, have been investigated in cooperation with the Bureau of Internal Revenue so that a uniform rule might be adopted in applying the exception from coverage accorded such services. Further coordination with the Bureau of Internal Revenue has been effected with respect to rulings on coverage of the services of night watchmen, salesmen on a commission basis, realty salesmen, and various occupations classified under agricultural labor.

Measures have also been undertaken to coordinate rulings of the Social Security Board and the Railroad Retirement Board. A study

is being made of the activities and functions of business establishments whose status under the respective laws is not clear. It is anticipated that this study will result in final determinations as to which agency has jurisdiction over these employers, and will indicate whether amendatory and clarifying legislation is needed. During the year, regulations of the Board were amended to accord with an act of Congress (Public, No. 764), approved August 13, 1940. This act, excluding from coverage under the Railroad Retirement Act certain services performed in connection with coal-mining operations closely connected with railroad operation, was made retroactive to the time of the original enactment of each law it amended. By excluding these services from the Railroad Retirement Act, the law inferentially extended the scope of the Social Security Act to include such services.

Defining Taxable Wages

Sick pay.—The term “wages” as it is defined in the Social Security Act does not include any payments made to or in behalf of an employee under a plan or system established by the employer which makes provision for his employees generally or for a class or classes of his employees on account of retirement, sickness or accident disability, medical or hospitalization expenses in connection with sickness or accident disability, or death. In many cases involving sick pay, the problem arises as to whether payments are wages or payments made pursuant to a plan. Employers desiring to aid employees in attaining an insured status often contend that they had no “plan,” while others desiring to avoid tax liability have claimed there was a “plan” under the meaning of the act. To establish uniformity in decisions, the Board, after consultation with the Bureau of Internal Revenue, declared that for a plan or system to exist it must appear: that the plan or system has been established and communicated to the employees; that provision is made for all employees or for a definite class or classes of employees; and that the plan or system has definite eligibility requirements, definite payments, and definite time limits. It is not necessary that the plan be in writing.

Posthumous payments.—The Social Security Act requires that to constitute wages remuneration must be “paid to the individual.” A strict interpretation would exclude remuneration earned by an individual before his death but paid after death to his estate or heirs; when such remuneration is the deciding factor in determining whether an individual had an insured status, the claim would be disallowed. Several cases have arisen in which an individual died on the day his wages would regularly have been paid, or a few days thereafter. Had the wages for that pay day been received by the individual before

death, he would have had insured status. Feeling that the strict interpretation was alien to the intent of the act, the Board has ruled that wages earned by an individual and paid to his estate or heirs during the quarter in which he died should be construed as payments "to the individual."

Constructive payment.—One of the elements of entitlement to insurance benefits is that wages must have been paid to the wage earner. "Wages paid" means wages actually or constructively paid. Under regulations promulgated by the Board, in order to establish constructive payment of wages it is necessary for the claimant to establish: that the wages in question were either credited to the account of, or set apart for, the wage earner; that there was no substantial limitation or restriction as to the time or manner of payment, or condition upon which payment was to be made; and that the wages were available to him so that they might be drawn at any time and their receipt brought within his own control.

Three groups of cases have presented problems in the application of these regulations. The first group consists of cases in which an error on the part of the employer results in failure to credit the employee with wages and actual payment is made when the error is discovered in a subsequent quarter, too late for the individual to obtain a needed quarter of coverage. In the second group, the wages could have been paid or credited on a quarterly basis, but under the original act, until 1939, there was no necessity for so doing since "quarters of coverage" had no meaning. In the third group, the question is whether accrued wages can be considered constructively paid before a regular pay day if the employee could have received advance payment had he asked for it. The results of an analysis of cases involving these questions will indicate in what direction revision of Board policy is necessary to effectuate the intent of the law.

Proof of Death

A procedure was instituted in January 1940 under which State registrars furnish the Board with a short-form death certificate for decedents who were in benefit status or who held account numbers. By the end of the fiscal year, all jurisdictions but one were reporting deaths of such individuals to the Board. Ohio, New York City, and Nebraska entered the reporting program during the fiscal year. The remaining jurisdiction—Massachusetts—is still unable to cooperate because of certain provisions of State law. The operation of this plan has been decentralized, insofar as possible, to the field offices which parallel the offices of State registrars.

To evaluate the effectiveness of the plan, during a test period

notifications of death were checked against the wage accounts established by the Board. Of 1,257 notifications, 1,128 were positively identified in Baltimore as relating to workers with wage records and the remaining 129 were tentatively identified with some uncertainty as to whether the name on the proof-of-death form corresponded to that on the wage record. The 1,257 forms were sent to the 75 field offices concerned, and field-office investigation established the identity of the deceased wage earner in all but 9 cases. In nearly half of the positively identified cases, the proof-of-death form was the first notice of the death received by the field office; no inquiries had been received from relatives of the deceased workers concerning potential claims for survivors' benefits.

Problems of Relationship

Under the provisions of the Social Security Act, determination of the relationship of husband, wife, child, and parent is based upon the intestacy law of the State of domicile of the worker with respect to whose wage record the claim is made. Because of the wide variation in the provision, interpretation, and application of such State laws, consideration of the claims of dependents or survivors of insured workers has involved administrative complexities. These differences sometimes have made it necessary for the Board to make opposite decisions in the cases of claimants who lived in different States though other factors affecting family relationships were substantially similar.

Marital status and divorce.—Problems have arisen concerning the status of the wife or widow of a wage earner whose previous marriage was terminated by divorce in a State other than that in which he was domiciled. The question arising in such cases is whether the court which granted the divorce had jurisdiction over the parties to the extent that the decree would be recognized by the courts of the domicile. Studies are being made to develop uniform procedures for handling such cases.

Adoption.—Under the provisions of the 1939 amendments, a child, to qualify for benefits as the adopted child of an individual, must have been legally adopted before the date on which the adopting parent attained age 60, and, in the case of a deceased worker, before the beginning of the twelfth month before the month in which the adopting parent died. Situations have arisen in which legal adoption occurred after age 60 but before passage of the Social Security Act. There have also been many instances in which no legal adoption occurred although the child was ostensibly or virtually adopted. A number of jurisdictions recognize that such a child, although not legally adopted, has acquired the rights of a child in the estate of his foster parent.

This doctrine of "equitable adoption" has been applied by the Board to all jurisdictions which recognize this principle of equity.

To establish equitable adoption, proof of a contract or agreement to adopt by the adopting parent and the natural parent or person having custody or control of the child must generally be shown, and in some States the agreement must also provide that the child is to inherit from the adopting parent; all terms of the contract or agreement must have been substantially performed except the formalities of actual legal adoption. Because of these strict requirements, it has been possible to qualify for monthly benefits only a limited number of foster children who had not been legally adopted. Studies are being made of the advisability of extending protection to dependent foster children.

Dependency Upon Wage Earner

Both the requirements of the Social Security Act and considerations of social policy entail, for certain types of claims, questions of the dependency of the claimant upon the insured worker.

"Living with."—A wife or widow of a wage earner may be entitled to benefits if she was living with the wage earner at the time of application or of his death. "Living with" is defined to mean that the wife or widow was at that time sharing a home with the wage earner, or that she was receiving regular contributions from him toward her support, or that he had been ordered by any court to support her. Of 105,000 claims filed by wives or widows of wage earners as of the end of May 1941, less than 300 were disallowed by reason of failure to establish the fact that the wife or widow was "living with" the wage earner at the time of application or at the time of his death. Cases in which this requirement has proved inequitable exist, however, when a wage earner has abandoned or deserted his wife; when a wife or widow has obtained a court order for support of her minor children but did not request support for herself; when a wife or widow has obtained a court order for support which expired prior to the date when "living with" must be established; and when, at the suggestion of the court officials, a wife or widow seeking a court order for support entered into a voluntary agreement for support which was not made a part of the court record and therefore did not acquire the status of a court order. Examination is being made of the cases disallowed and of the requirements of State workmen's compensation laws and the requirements for wife's or widow's benefits in other similar statutes, to consider the advisability of extending the present interpretation of "living with" or modifying the requirement by legislation.

"In her care."—A widow under the age of 65 may become entitled

to monthly benefits only when she has in her care a child entitled to child's insurance benefits. Recognizing that the phrase "in her care" did not require that the widow and child constantly share a common roof, the Board has made a careful analysis of 15,092 claims for benefits to children of deceased workers. After consultation with the United States Children's Bureau and the Bureau of Public Assistance, the Board adopted the following policy:

A widow is deemed to have a child in her care if she and the child are living together, even if the widow is mentally incompetent and a legal guardian has been appointed for either the child or the widow. If the child and widow are temporarily separated, the widow is deemed to have the child in her care if the separation is unlikely to extend beyond 6 months. If the child is in a hospital, or is away at school but spends an annual vacation of a month or more with the widow, and if the child is not a public charge, the widow is deemed to have the child in her care. She is not deemed to have the child in her care in case of abandonment or other clear-cut permanent separation, or if the separation is the result of a court order which removed the child from the effective control of the widow, or if the widow and child are separated and the widow has been declared incompetent by judicial or medical authority.

Guardianship.—Claims filed in behalf of minor children and incompetent adults impose upon the Board an obligation to determine that payments will be applied to the personal use of the beneficiary. The act authorizes the Board to make payment directly to the beneficiaries or to legal or de facto representatives of such individuals, and simultaneously imposes the obligation to develop standards for judging the qualifications of guardians. From the continued study of claims involving guardianship questions has come a progressive refinement of procedures for developing the claims and modification and revision of policies which guide the selection of guardians.

The usual order of preference for payees in behalf of minor children, which is based on considerable experience, is: legal guardian; widow or widower (in her or his own behalf and in behalf of her or his own minor child); natural or adoptive parent; guardian in fact (close relative or personal friend); child over 16 for whom no competent guardian is available and whose capacity to act in his own behalf is established.

In most cases, there is a responsible payee in the person of a surviving parent or a close relative. Upon occasion, selection of a guardian involves consideration of serious social problems, and special training, experience, and at times authority are needed to resolve questions concerning the care of the child. In evolving policies and procedures to meet the Board's responsibilities in these cases, representatives of

the Bureau of Old-Age and Survivors Insurance have conferred frequently with personnel of the Bureau of Public Assistance and other agencies. Valuable assistance in shaping standards and methods has been given by the United States Children's Bureau, the Veterans Administration, and committees and staff members of the American Public Welfare Association.

A survey of guardianship cases is to be made to measure the adequacy of existing controls and procedures and to indicate whether additional provision for supervising guardians and their use of benefit payments is needed. The immediate purpose is to determine whether payments are being used in the interests of the beneficiary, whether the guardian is continuing to exercise responsibility for his ward, or whether changes have occurred since the award was made which may demonstrate that someone else would be the proper person to receive payments in behalf of the beneficiary.

In cases in which there is no clear indication of the proper payee in behalf of minor children and incompetent adults, the present policy is to look to a recognized local agency for information and advice. It is believed not only preferable but highly important that social problems be determined by agencies maintained for that purpose by the community in which the applicant lives, and that the solutions be in terms of local standards and customs. Problems necessitating the study of family relationships, or the intervention of the community when family relationships have been dissolved, require individualized consideration. For example, it has appeared in some cases that the child's welfare required authoritative action to effect a separation from the person with whom the child was living.

A procedure has been developed whereby public welfare agencies may help in the handling of claims involving the selection of guardians for minor children. At the present time, unless the local welfare agency can assist upon the basis of facts already in its possession, these claims are referred to the State public welfare departments. During the fiscal year, 127 cases were referred to the public welfare departments of 36 States. It is expected that the present procedure will be simplified through arrangement for referral by the Board's field offices directly to local welfare agencies designated by the State departments as qualified for this service.

A survey was made of the public welfare resources of each community served by the respective field offices. The purpose of this inventory was to equip field personnel to give as complete and accurate information as possible to persons who ask for help in directing them to other agencies in the community. An insurance system is limited as to benefits by the conditions governing eligibility and payments.

The needs of the beneficiaries are not limited. In many cases, supplemental services are imperative to the welfare of the individual. Through this survey and the maintenance in field offices of reference services concerning the nature, function, and methods of community welfare resources, it is believed that the social security program will gain in community understanding and cooperation.

Parent's dependency.—The Social Security Act requires that a parent, to qualify for monthly benefits, must have been “wholly dependent upon and supported by” the wage earner at the time of the wage earner's death. Although no changes were made in the basic policies formulated last year in interpreting this requirement, studies of individual cases have resulted in further interpretation. If a married daughter with whom the parent lives was working or received other income sufficient to support the parent for at least 3 of the 12 months preceding her death, and during the remainder of the year untoward circumstances prevented such income from continuing and the parent was supported by the son-in-law or relief, the Board considers that the parent was dependent upon the daughter regardless of the amount of support to the household contributed by the son-in-law. Debts of the parent can be deducted in computing the value of property owned by the parent; income of, or contributions by, the wage earner to one parent would be presumed to be for both parents if they were living together; and during illness or unemployment of the wage earner on whom the parent has been actually dependent for at least 3 of the 12 months preceding death, generally the parent will still be considered dependent upon the wage earner unless the parent's total income, including that from other means of support, exceeds 75 percent of the total amount received while the wage earner was contributing to his support. In the latter instance, if the income is received from public assistance or relief payments, the parent will still be presumed dependent upon the wage earner. New situations continue to require refinements of existing standards.

Other Eligibility Problems

Homicide cases.—Cases in which the claimant had caused the death of the wage earner by a felonious homicide necessitated a policy determination by the Board that a person found guilty of the homicide of the wage earner could not become entitled to any benefits based on the wage record of that wage earner, and that the survival of the felon does not preclude the entitlement of persons otherwise eligible for a lump-sum death payment. This ruling is in accord with similar policies adopted by other agencies, among them the Veterans Adminis-

tration. In each case the decision as to whether the homicide is felonious depends upon the finding of the State courts.

Missing persons.—The act provides that survivors of a wage earner have rights to the lump-sum death payment in a certain order of priority, namely, spouse, child, grandchild, parent, and the person who paid burial expenses. In some cases, however, it is virtually impossible to ascertain whether a relative with prior statutory rights does survive. Difficulty often arises when the relative and the wage earner have been separated for a period of years and have not communicated with each other. The problem is important in the case of parent's benefits, when the mere survival of a widow or an unmarried child under 18 would defeat the parent's claim. In these situations, the Board is confronted with the problem of determining whether the persons filing claim are entitled under the law and is hampered in reaching a conclusion by a lack of knowledge as to whether the missing relative survives. A close relative, such as a parent or a child, who has lived with the wage earner for a long time and who has paid the burial expenses feels it unjust that his claim is disallowed because a spouse who had deserted the wage earner many years before may be alive. Although not large in number, cases involving missing persons create particularly anomalous situations. Presumption of death of the missing person after an unexplained absence of 7 years provides only a partial solution.

Indian wards.—Under the original provisions of the act, all payments in behalf of Indians who are wards of the Federal Government were paid to the superintendent of the Indian reservation as guardian ex officio. This practice was continued for a short time under the amended act. However, as a result of several conferences during the year with the Office of Indian Affairs, procedure has been perfected whereby payment will be made in most cases directly to Indians in the same manner as to other beneficiaries.

Reconsiderations and Appeals

The administrative machinery for reconsideration of the Board's determinations with respect to wage entries and to claims for benefits and for appeals from such determination was not called into action until the beginning of the fiscal year. Under the system, the Bureau of Old-Age and Survivors Insurance grants a reconsideration of its initial determination upon request of a dissatisfied claimant. The appellant, however, may ask for a hearing before a referee and review by the Appeals Council without first requesting the Bureau's reconsideration, and he may appeal from the reconsidered determination of the Bureau if he finds it unsatisfactory. A referee has been ap-

pointed in each of the 12 administrative regions of the Board for the purpose of holding hearings. These officials function under the direction of the Appeals Council, with the assistance of a consulting referee who reviews and coordinates the regional referees' decisions. A claimant who is dissatisfied with the referee's decision may carry his case to the Appeals Council, which also reviews difficult cases on its own initiative or upon the certification of the referee.

Most claimants appear to find the initial determination of the Bureau of Old-Age and Survivors Insurance acceptable, since during the fiscal year there were only about 1,500 requests for a reconsideration or hearing. During the same period some 410,000 claims were received, of which about 7 percent were disallowed. Potential appellants, however, consist not only of claimants who may be dissatisfied with the sum allowed them or with total disallowance of awards, but also of all workers whose wages are reported to the Board—considerably more than half the working population of the country. A wage earner who questions the wage record of the Bureau may request its reconsideration or may carry his case to the referee. So far, however, only 7 percent of all appeals have arisen from requests for revision of wage records; more than 71 percent concerned claims for monthly benefits; and the remainder involved claims for lump-sum payments under the 1935 provisions or the 1939 amendments.

The majority of dissatisfied claimants request, in the first instance, a reconsideration of the initial determination rather than a hearing before a referee. For many claimants the reconsideration process seems to provide, at a relatively low administrative cost, an adequate review and reappraisal of the merits of their claims. On the basis of a sample study of cases reconsidered in January–April 1941, less than 5 percent of those who ask for reconsideration subsequently request hearings before referees of the Board. The detailed explanations which are given to claimants probably account for general acceptance of reconsidered determinations. Reconsideration resulted in the revision of initial decisions in 15 percent of the total examined in the sample study. In most cases the revised decision was based on additional evidence.

The Appeals Council received 760 valid, active requests ¹ during the fiscal year. Decisions were rendered in 429 cases ² heard by referees, while in 176 of the 331 cases pending at the end of June hearings had been completed. The volume of cases considered during

¹ Seventy-one additional requests were dropped because the claimant so desired, or because he failed to appear at the hearing, or because the claim had not been previously adjudicated by the Bureau, or because the appellant was not a party in interest.

² Twenty-five of these decisions were those of the Appeals Council in cases in which the referees had issued no decision but had certified the case to the Council for its decision.

the first year of operation has afforded a satisfactory test of the basic provisions for hearing and review and of the appellate regulations adopted in October 1940.

Many of the cases heard by referees involve close questions of fact or debatable legal issues. As would be expected, there has been a higher percentage of reversals in these cases than in redeterminations. In 94 cases, about one-fourth of the total number decided by referees, the Bureau's determinations were reversed; in 310 cases, Bureau determinations were affirmed. Cases which raised unique or unusually difficult questions of law were certified by the referees to the Appeals Council. The more important issues involved in certified cases were related to the exception of Federal instrumentalities from coverage and the Board's regulations concerning traveling expenses and constructive payment of wages. Forty-six cases were certified by the referees to the Appeals Council, and in more than half of those in which decisions were rendered the disposition of the case differed from the determination of the Bureau of Old-Age and Survivors Insurance. In cases in which a contestant exercised his right of appeal to the Council, however, the issues were much simpler, and in only 7 of the 39 cases reviewed did the decisions differ from the previous determinations of the Bureau.

Only one decision of the Appeals Council was appealed to the courts during the fiscal year. This decision involved claims based upon the remuneration paid to an individual for services as the receiver of an insolvent State bank. The Appeals Council held that the wage earner was not "in employment" as that term is defined in the Social Security Act. On June 25, 1941, the United States District Court for the Northern District of Illinois, Eastern Division, affirmed the Appeals Council's decision, taking the position that the plaintiff did not "render services within the commonly accepted meaning of the term employer and employee"; that "if plaintiff was an employee of anyone he was an employee of the Auditor of Public Accounts of the State of Illinois or, possibly, the State of Illinois, the Auditor acting as the agent of the State in employing him"; and that, as such, his services were excluded by reason of having been rendered for a State or an instrumentality thereof.³

Claims on which the Bureau determinations were reversed by the referee or by the Appeals Council have been carefully reviewed in an effort to ascertain whether a more comprehensive development of the claim in the field office could have made the appeal unnecessary. When such a course would have been possible, the situation was

³ An appeal to the U. S. Circuit Court of Appeals for the Seventh Circuit was entered by the claimant in this case on September 23, 1941.

called to the attention of the office concerned. Information is being developed to determine the extent to which field-office personnel should assist referees by assembling data and attending hearings.

Attention is being given to measures to expedite the handling of cases in the interest of appellants and also to minimize the administrative expense of appeals. Several minor procedural changes have been adopted during the past year to expedite the work of the referees and the Council, and it is believed that other like opportunities will be found without disrupting the fundamental provisions necessary to guarantee each dissatisfied claimant a fair hearing and a decision embodying a clear exposition of the material facts and applicable law.

Benefit-Payment Procedures

Increasing experience in the payment of monthly insurance benefits has made it possible to improve many processes in the handling and control of claims for benefits. The average time elapsing between the receipt of a benefit claim and the issuance of the first check was shortened substantially.

Expediting Certification of Benefits

In June 1941 the average time elapsing between the receipt of a claim in the field office and certification of the first payment to the Treasury was 33.1 calendar days, as compared with 43.5 days in July 1940; activities in the field office required 19.6 days, on the average, and processing time in Washington 13.5 days. These average figures are greatly affected by the time needed for cases in which additional evidence of entitlement to benefits must be obtained. It is believed that with continued improvement of procedures, the averages will be further reduced.

While a claim is being adjudicated it must be possible to locate all related documents without delay, so that any additional advice or information can be considered immediately. A death notice, for example, may be received while an individual's claim for primary insurance benefits is under consideration; prompt use of this information saves unnecessary action and expedites adjudication of the ensuing claims for survivor benefits. When a claims application is received in Washington, it is recorded and the necessary age and wage records are assembled. A charge system has been devised so that a central control desk, where charge cards are mechanically interfiled every hour, is able to locate the claims papers promptly at any stage in the adjudication process.

Certifying Payments to the Treasury

The Social Security Act provides that the Board certify to the Secretary of the Treasury each month the name, address, and amount of monthly benefit payment of each beneficiary. The Treasury Department prepares an addressograph plate which is used to print the check with the amount shown on the schedule supplied by the Board. The cumulative total number of benefits to be certified each month has increased until, at the end of the fiscal year, it was more than 300,000. Each month the Treasury Department furnishes to the Board a list of the checks printed in the previous month, and the Board verifies and makes necessary corrections in the lists.

The return of many beneficiaries to covered employment has greatly increased the problem of recertification. When such a beneficiary earns \$15 or more in any month in covered employment, his benefits and any other benefits based on his wage record must be suspended. The beneficiary is notified that payments will be discontinued, and the Treasury Department is told to stop payment until further notification. About 3 out of every 100 beneficiaries on the rolls change their addresses during a given month. In the fiscal year 62,804 such changes were made. Efforts are made to impress upon the beneficiary the importance of prompt notice so that delay in receiving checks, as well as needless administrative cost, may be avoided.

The amount of a lump-sum payment at age 65 received under the 1935 provisions of the act is deducted from any amounts payable under the 1939 amendments before such payments can be made. Deductions for unpaid 1939 employee taxes required retroactively by section 907 of the act could not be made until February 1941, when records of such items became available. The Board then effected any necessary deductions from benefits in current-payment status and now is making such deductions currently.

Beneficiaries With Wages in Covered Employment

Early in the fiscal year a survey was made to determine the extent to which beneficiaries understood and acted upon their obligation to forego benefits for any month in which the beneficiary or the person on whose wage record the benefit is based rendered services in covered employment for wages of as much as \$15. During August and September 1940, field representatives of the Bureau interviewed members of 12,205 families, comprising a total of 21,049 beneficiaries. The survey indicated that comparatively few of the beneficiaries failed to understand their obligations, that few had experienced events which would affect the active status of their benefits, and that only a

very small proportion of the total had failed to report an event which would affect their benefits.

A complementary source of information on earnings of beneficiaries in covered employment is provided by the regular wage records based on employers' reports. A listing of wage cards showing beneficiaries' earnings is prepared daily for check against the claims folders of the beneficiaries involved. It is not always possible to determine whether or not employment has been reported, because the individual reports employment on a monthly basis while the employer reports the total wages paid during a quarter with no indication of the month in which the wages were earned. If there is any possibility that the individual has not reported a month in which services were rendered for as much as \$15 in taxable wages, a field investigation is made.

Of a total of 86,275 cases examined before July 1941 to determine whether the need of investigation was indicated by the receipt of reports by employers of wages paid to beneficiaries, preliminary examination indicated that no investigation was necessary in 65,000. The wages reported by employers were adequately explained by evidence in the claims folder. For nearly 22,000 cases in which field investigation was requested, 16,000 replies have been received. Violations were indicated in 2,766 cases, and 2,512 penalty deductions were imposed.

In many instances, an individual retiring from employment is entitled to accrued vacation pay. The question therefore arises whether a deduction should be made from benefits otherwise payable for the month or months during which the retiring employee receives accumulated vacation pay. Analysis of claims in which vacation payments were made at the close of employment showed that in every case, whether or not the employer continued the employee on the regular pay roll until the end of the vacation, the intent was to terminate the employment at the time active services ceased. The rule was therefore adopted that when no evidence to the contrary was submitted, it would be presumed that the employment relationship terminated prior to the vacation and no deductions would be made from benefits.

School Attendance

The Social Security Act provides that a deduction shall be made if a child beneficiary over 16 years of age fails to attend school regularly and the Board finds that attendance was feasible. Entitlement to a child's insurance benefit ceases with the month preceding that in which he attains age 18. A method has been devised for automatically calling up the claims folders of child beneficiaries in sufficient

time to request proof of school attendance before attainment of age 16, and for automatic termination of the benefits at age 18. When the child reaches age 16, proof of school attendance is obtained from the family and from the school. Proof of school attendance by children who attain age 16 during the summer months is not requested until the reopening of school in the fall. The form submitted by school officials contains a provision to the effect that the school official will notify the Board at any time the child terminates his attendance.

Beneficiaries Residing in Foreign Countries

Claims filed by persons living in foreign countries are adjudicated according to the same principles as are applied to claims originating in the United States. The fact that Treasury regulations prohibit the payment of benefits in certain designated foreign countries, belligerent or occupied, does not affect the adjudication of claims, although the benefit funds are held by the Treasury Department. The question has arisen, however, whether payment in behalf of such beneficiaries should be made to relatives or guardians living in this country. This problem is being studied.

Recording Taxable Wages

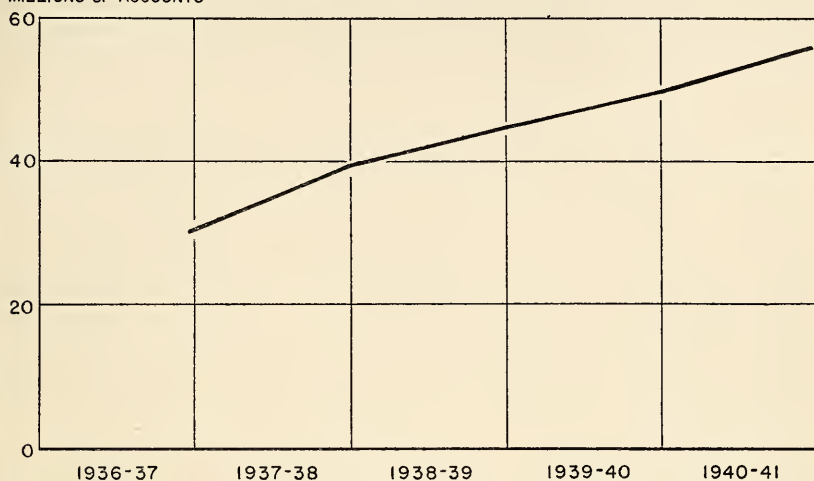
By the end of the fiscal year 1940-41 nearly 56 million employee accounts had been established by the Board, in response to workers' applications, to record wages received in covered employment; during the year a net total of more than 6 million new accounts was established. In this period nearly 135 million wage items were received; each item represents the amount of taxable wages paid in a calendar quarter by an employer to an employee. Though incomplete and incorrect reporting still entails administrative difficulties, it is significant that the combined total of incomplete and incorrect wage items discovered in the year represented only 6.2 percent of all items received. In a large majority of cases, subsequent investigation makes it possible to identify and credit these items. Of the total amount of wages reported in all years through 1940, approximately 99.4 percent had been fully identified and entered on the accounts of the individuals concerned by the end of the fiscal year.

Establishing Employee Accounts

The volume of new employee accounts established during the calendar year 1940 followed the seasonal trend shown in the 2 preceding years. The monthly average number, 422,000, was approximately the same as in 1939. In the first half of 1941, however, there was a

Chart 14.—*Old-age and survivors insurance: Cumulative total of employee accounts established, end of each fiscal year, 1935-36—1940-41*¹

MILLIONS OF ACCOUNTS



¹ For fiscal years 1939-40 and 1940-41, see table B-1.

very large increase as compared with corresponding periods of 1939 and 1940. In June 1941 nearly 855,000 new employee accounts were established, almost twice the number in June 1940. Special arrangements were made in advance to cope with this increased volume of new applications for accounts, which was largely attributable to the increase in employment throughout the country resulting from the defense program.

To reduce the volume of incomplete reporting by employers and to decrease the possibility of assigning more than one account number to a worker, a plan was instituted to issue a temporary receipt, in lieu of an account-number card, when a worker needs evidence of his application in order to get a job and indicates that he may have had an account number previously. When subsequent search of the central records or the duplicate files maintained by the State employment security agencies shows that a number was assigned previously, the applicant receives a duplicate card with the original number; otherwise a new account number is issued. In the interim, the temporary receipt serves as a means of identifying the worker's wages in employer reports.

Incompletely Reported Wage Items

Although employers in general are conscientious in reporting wages paid for covered employment, the continuing volume of incompletely reported wage items still constitutes an important and costly problem.

Arrangements have been made with the Bureau of Internal Revenue to facilitate and expedite investigation of returns which contain incomplete items. Procedures are also being devised to clear up unidentified wage items and to detect employer delinquency by means of routine interviews with applicants for account numbers to ascertain whether they may have had covered employment not previously reported. Efforts to enlist the cooperation of employers were continued by means of visits to new employers by field-office personnel, by mail and personal contacts with employers who had repeatedly included incomplete wage items in their tax returns, and by conferences with contractors engaged in national defense activities. Advance notices of defense projects were sent to the field offices so that regional and field personnel could interview the principal contractors and subcontractors to arrange for the proper registration of their new employees and to enlist their cooperation in submitting complete tax and information returns.

Secondary Wage Evidence

Every effort must be made to obtain information on all taxable wages received by a worker, since incomplete reporting may result in the diminution or loss of benefits for which a worker or his family otherwise might ultimately qualify. New devices, including the use of secondary evidence, have been evolved to clear cases in which wage reports are conflicting or lacking. For example, experiments conducted in New York City led to the adoption of a method whereby the field-office manager calls an informal meeting of the former employees of a delinquent employer who has gone out of business and whose records are unavailable or in dispute. At the meeting, statements are obtained from each employee regarding the amounts of wages received and these amounts are reconciled with the statements of the employer and of other employees, or, if the employer or his records cannot be located, are substantiated by the affidavits of three witnesses, usually fellow employees, who are in a position to know the amounts paid. Such evidence is considered sufficient for crediting wages to the accounts of the wage earners involved.

Exchange of Information With State Employment Security Agencies

Several experiments and investigations were conducted in cooperation with State employment security agencies to work out mutually advantageous procedures in problems of employer reporting. In four States, for example, incomplete wage items which had remained unidentified despite investigation under present procedures by personnel of the field offices were checked against the records of the

State employment security agency. Preliminary analysis of the result points to the desirability of extending these methods to all States in which the employment security agencies use "list" reporting, and indicates also that if certain prescribed rules are carefully applied both the State agency and the Board can gain by this exchange of information.

In September 1940, plans were completed and placed in operation for the exchange of wage information between the Board and the State employment security agencies of New York, Pennsylvania, Maryland, Kentucky, and Delaware. The purpose of this exchange was to consider a coordination of recordkeeping activities which would facilitate operations of the Board, the State agencies, and employers. By May 1941, tests had been completed on material submitted by the employment security agencies of Maryland, Pennsylvania, and New York. The result of the survey indicates the desirability of extending it to other States. When the field has been more thoroughly surveyed through these exchanges of information, it is expected that sufficient data will have been accumulated to make possible the formulation of a definite plan for coordinating wage reporting for both insurance programs, and possibly also for other related programs.

Improvements in Recordkeeping Techniques

The method of posting wage records annually, following the processing of the wage items for the last reporting period of each year, offered many administrative difficulties, among them the fact that it was necessary to expand personnel at that period and operate on a three-shift basis in order to complete the posting in a reasonable period of time. Operating expenses were increased by the necessity of reserving 15,000 square feet of space for active use during only a few months of the year. To overcome these and other disadvantages, procedures were developed whereby posting is performed throughout the entire calendar year. Under this method, a specialized group of employees is engaged continuously in posting. This change has greatly increased production and accuracy, while the space required for the operation has been halved. Use of posting machines also increased both the volume and the accuracy of production.

Removal of Inactive Records

Plans have been initiated for the removal from active files of all employee records which have been totally inactive for a period of at least 3½ years and also for the annual removal of all employee records rendered inactive by the death of the account-number holder, which will reduce the file by at least 125,000 records annually. The Board

has agreed to furnish each State employment security agency with a numerical and alphabetical list of all accounts eliminated because of the death of the account-number holder, to enable the State agencies to correct their files.

Studies of Annual Reporting

In an effort to reduce the reporting problems of employers, the advantages and disadvantages of annual reporting, as opposed to quarterly reporting, were fully explored. The implications of the annual reporting system used by the State employment security agencies of Rhode Island and Illinois were studied. Although at first glance it would appear that one annual report, as opposed to four quarterly reports, would markedly reduce the labor of the employer and also the processing costs, a thorough study does not support this view. The study indicated that the processing of annual reports would result in no substantial saving in operating cost so long as the law requires the submission of information on quarterly earnings. Discussion with many large employers brought out the fact that annual reporting would be simpler for them provided the State employment security agencies were on the same basis, but not otherwise.

Financing Old-Age and Survivors Insurance

The end of the fiscal year 1940-41 marks the close of the first full fiscal year of the fund operations under the 1939 amendments to the Social Security Act. In accordance with the amended provisions, an amount equal to the \$688.1 million collected and covered into the Treasury under the Federal Insurance Contributions Act during the year was appropriated to the old-age and survivors insurance trust fund. In addition, receipts of the trust fund during the year included \$56.0 million in interest earned on investments held.

All amounts credited to the fund are available for expenditures authorized by title II of the act. Amounts paid out of the fund during the fiscal year, including benefit payments and administrative expenses of the program incurred by the Social Security Board and the Treasury Department, totaled \$91.2 million. Of this total, \$64.3 million represented amounts paid by the Treasury for monthly benefits and lump-sum payments certified by the Board.

As provided by law, the Secretary of the Treasury, acting as Managing Trustee of the trust fund, is required to invest the funds. Investments at present are solely in special Treasury obligations authorized by amendment of the Second Liberty Bond Act. Under

the amended Social Security Act, special Treasury obligations issued to the fund are required to bear interest at a rate equal to the average rate of interest on the interest-bearing public debt outstanding at the end of the month next preceding the date of issue. If the average rate is not a multiple of one-eighth of 1 percent, however, the rate on special issues to the trust fund is required to be that multiple of one-eighth of 1 percent next lower than the average rate. Prior to the 1939 amendments, special notes issued to the old-age reserve account were required to yield a minimum of 3-percent interest.

Receipts of the trust fund during the year were invested in 2.5-percent special Treasury notes. Amounts required to finance current disbursements were obtained by redeeming special 3-percent old-age reserve account notes acquired prior to the effective date of the amended provisions. In addition, special 3-percent reserve account notes which matured on June 30, 1941, were exchanged for special trust fund notes bearing 2.5-percent interest.

Total investments held by the trust fund as of the end of the fiscal year 1940-41 amounted to \$2,380.6 million. Other assets of the fund included, as of the end of the fiscal year, \$10.8 million in cash with the disbursing officer and \$6.2 million in credits to the fund account. Thus total assets on June 30, 1941, amounted to \$2,397.6 million.

Appraising the Program

Effective operation of any public program requires continuous examination and appraisal of current experience in terms of the efficiency of existing activities and the relation of such activities to both immediate and long-range objectives envisaged by the legislation. Such an appraisal is of particular importance in view of the scope and magnitude of the Federal old-age and survivors insurance program, which has become in a few years a substantial factor in the lives of millions of families. As a byproduct of administrative operations, the program is beginning to provide information on the nature of employment and on the earnings and characteristics of workers in the United States which never before has been available currently on so vast a scale. Such information of these types is of great significance to employers, workers, and many business groups, as well as to the Board and other agencies responsible for public administration.

Compilation and Analysis

Statistical data obtained as a result of regular recordkeeping and benefit-payment operations provide information on the millions of

workers who are covered by the insurance program and the hundreds of thousands of persons who already are receiving insurance benefits. Tabulations from wage records have indicated trends in wages and employment. In order to obtain such information for separate industries, "establishment reporting" of wages is being developed in cooperation with employers. Under this system, wage reports for employees working in branch establishments of multi-unit concerns are segregated so as to permit accurate industrial and geographical classification of all workers and to supply information on employment, earnings, and retirement patterns in the various branches of industry. A sample of wage records, to be maintained continuously, will supply individual wage histories to permit analyses of the rise and decline of earning power through a worker's productive years. From tabulations derived from the processing of claims have come data on the volume of claims of various types, the characteristics of beneficiaries, and the factors involved in approval or disallowance of claims.

Studies of the characteristics of employees and of their wages for the period 1937-39 indicated a greater movement of workers than had been anticipated between covered employment and noncovered jobs. These indications emphasize the importance of continued appraisal of the provisions which determine each worker's eligibility for benefits and the amount of his benefit, to ensure that these provisions are appropriate to the typical employment histories of workers covered by the program. They emphasize also the problems resulting from the present limitation of social insurance protection to merely a part of what is an essentially integrated labor force.

Special studies are being made to supplement statistical data obtained from operation and to yield new information relating to the needs for revision or extension of the old-age and survivors insurance program. Among the more important of these studies is an inquiry into the importance of the benefit to the recipient and especially into the economic status of old-age and survivors insurance beneficiaries during the year before and the year following the worker's retirement or death. Such a survey was made in Philadelphia during May and June 1941 and will be extended to other cities. Facts are being gathered concerning the wage record of the worker, resources of the "economic family" or household, retirement experience, cash and noncash income, and assets and debts of the beneficiaries. Findings will be of special value in indicating whether changes are needed in the basis for computing benefits or in the minimum benefit now set by the act.

Studies of individuals ordinarily engaged in pursuits excluded from

the program were undertaken to determine the extent to which these workers participate in old-age and survivors insurance benefits. A survey of Negro women in domestic service in Baltimore revealed that, notwithstanding the fact that a substantial proportion earn wages from time to time in covered employment, only a small number are likely to acquire protection under the old-age and survivors insurance program. Those who do have such protection derive it, in almost every case, from the insured status of their husbands rather than from the contributions they themselves have made. At the same time it was found that wage rates and annual earnings in domestic service would often be sufficient to enable these women to qualify for benefits if their domestic employment were covered.

The status of farm laborers in Virginia and of migratory agricultural workers in several southern and midwestern States with respect to the old-age and survivors insurance program was also examined. These surveys, like the survey of domestic workers, revealed that a large proportion of persons who ordinarily engage in noncovered jobs obtain a part of their earnings from covered jobs. Most of these individuals, however, cannot attain insured status because their covered employment is brief and intermittent. To obtain information bearing on problems of one group of the self-employed, a study is being conducted of factors influencing the retirement of farmers and of the adjustments made as a result of retirement. Utilization of surveys of the occupational mobility of farm laborers in Iowa and Arkansas and of migrants in California has been planned.

Employment conditions affecting the worker's ability to qualify for benefits and the levels of his benefits vary from industry to industry. For this reason, studies are being made of the effectiveness of the program in selected industries—among them petroleum, coal, and rubber—in which the effect of the program can be localized. The situation of special groups—such as aged workers, migratory workers, low-paid workers, and others—is also being analyzed since their problems are critical and may provide a clue to the successful operation of a Nation-wide insurance system.

These compilations, surveys, and special analyses have provided the basic materials for examination of past accomplishments, for studies of ways in which the program may be made more effective, and for the projection of estimates for the future. Used in conjunction with information on general economic and population trends, they have supplied the basic economic and social data for actuarial estimates of the future costs of the program and for administrative planning and budgetary purposes. Through such analyses of wage records and of the circumstances of beneficiaries, insight is gained into the effective-

ness of the system in reaching those for whom it is intended. Finally, these compilations and analyses have provided the basis for considering the development of the old-age and survivors insurance system in terms of extension of coverage, supplementary insurance measures, and other modification of existing provisions.

Extension of Coverage

Most individuals cannot save enough during their working years to provide adequately for their dependent survivors or to support themselves when they are old. The number who can do so is especially small among several of the groups whose customary employment is now excluded from coverage under the old-age and survivors insurance program, particularly agricultural workers, domestic servants, and the low-income groups which comprise most of the self-employed. The administrative obstacles to coverage of agricultural and domestic workers which were considered formidable in 1935 appear much less serious now that the system is established.

In a study of the extension of coverage to self-employed persons, special emphasis has been laid on the problem of covering the self-employed persons who are in the lowest income brackets and on the development of techniques to determine the amount of income to serve as a base for contributions and benefits. Special attention has been given also to employers of covered workers, largely because administrative problems connected with their coverage are less difficult than those for the self-employed group as a whole.

Coverage under the old-age and survivors insurance system is needed by many groups which usually are considered as having protection under other programs, such as employees of the Federal Government and of State and local governments. Frequently these other programs fail to provide protection for survivors, ordinarily they do not cover all public employees, and rarely do they provide means for continuance or transfer of insurance rights when workers change their employment. Because a great many persons move from one employment to another at some time during their working lives, it is highly desirable that the old-age and survivors insurance program provide a basic protection for all workers upon which other programs, such as the existing public retirement systems, may be superimposed. The coverage of employees of the Federal Government is particularly urgent because large numbers of persons are entering navy yards, arsenals, or other Government service on account of the defense emergency. Many of these persons have left covered jobs in commerce and industry and will eventually return to such jobs. Unless their services with the Government are covered, they will impair or lose

their insured status under the old-age and survivors insurance program.

Persons who have been called to service with the Nation's armed forces constitute a similar problem which is of greater magnitude because millions of men are involved. Several different types of proposals have been developed to deal with the question of the insurance status of those in the armed forces. One type would merely provide for disregarding, when insurance status is determined, the fact that an individual had not been in covered employment during a period of military or naval service. A second type would deal with the question by extending the coverage of the old-age and survivors insurance system to include employment with the armed forces. A third type would provide for "freezing" the status as of the time individuals entered the armed forces, with no contributions or benefits payable during the period of their service but with a resumption of such status at the time they leave the armed forces; during the period of service they would be eligible for various types of benefits under the Veterans Administration. The second type of plan would seem, in general, the most satisfactory if coordination could be effected with programs set up for persons in the regular armed forces and with the special programs for veterans' benefits.

In order to protect the insurance status of workers who leave covered employment, consideration has been given to measures whereby a worker who had been in covered employment long enough to meet certain minimum requirements could make voluntary contributions to continue his insured status and the level of his potential benefits after he left covered work. A system of continuation coverage could provide some degree of protection pending the gradual extension of coverage to all gainful employment, though it in no way obviates the need for comprehensive coverage.

Problems of Disability

Voluntary continuation coverage would fail in nearly all instances to meet the needs of workers who become permanently and totally disabled and, through continued loss of earnings, impair or lose their rights to benefits under the existing provisions of the program, often at ages when their dependents are in greatest need of protection. Experience under the older retirement laws of this country, such as those for Federal, State, and local employees, indicates moreover that both employers and workers benefit from provisions which permit retirement of disabled workers before they reach the age required for old-age benefits. The Federal old-age and survivors insurance program is almost the only system in the world which fails to combine provisions for old-age retirement and insurance against long-continued disability.

Plans for the extension of the old-age and survivors insurance program to provide monthly benefits in case of disability of the family breadwinner have been studied, and recommendations for the establishment of such a plan have been prepared. The employment and wage requirements for receipt of benefits under such a plan could be essentially the same as those for receipt of present old-age and survivors insurance benefits, and the benefits could be calculated in the same manner.

Modification of Substantive Provisions

In addition to studies and plans concerning the extension of the coverage and scope of the program, studies have been made of the results of the program's basic substantive provisions, among them the requirements of eligibility for benefits, the method of determining the average wage on which benefits are based, the benefit formula, and the minimum benefit. In general, consideration has been given to modifications which would serve to increase the number of persons receiving benefits in the next few years. Special consideration has been given to modifications which would facilitate the protection of new groups. Under the present requirements, groups brought into coverage now or later would be handicapped in comparison with workers who have been covered from the outset. Particular attention has been paid to the size and characteristics of the groups which do not meet the existing eligibility requirements.

Objective methods have been sought for evaluating the adequacy of minimum benefit amounts and the payments provided under the benefit formula. The data necessary for this purpose are not now available, though information is being obtained through the field surveys of beneficiaries previously mentioned. Comparisons with payments under assistance plans are misleading because of differences in the purposes and procedures of insurance and assistance. The provision that benefits are to be withheld for any month in which the beneficiary renders services in covered employment for wages of \$15 or more has been examined, both because of the difficulty of its administration and questions as to its equity.

Administrative experience has disclosed some situations which were not foreseen. In some of these situations individuals are treated inequitably, in others there are undue administrative burdens and expenses, and in still others there are inconsistencies in the operation of the several parts of the law. It has been possible to alleviate some of the undesirable situations through administrative rulings which bring the practical effect into harmony with the clear intent of the law. In other instances, however, corrections can be made only by

amendment of present provisions. Simplicity and economy of administration, equity in the effect of the program on certain groups and individuals, and Nation-wide uniformity in the operation of the law require modification, in particular, of definitions of "wages" and "employment" to clarify items such as sick pay, dismissal pay, tips and gratuities, traveling expenses, and border-line situations involving the employer-employee relationship; certain changes in provisions for parent's benefits and lump-sum death payments; and definition, for purposes of the program, of marital and family relationships to avoid the complexities and anomalies arising from the present use of the intestacy provisions of State laws.

• III •

Employment Security

DURING THE PAST YEAR a most important activity in the field of employment security has been the placement of workers in defense production. The Nation's urgent need to man shipyards, munitions plants and other factories, construction projects, mines, and farms brought prompt response from the coast-to-coast chain of employment offices already prepared to match men and jobs. Through the experience gained in administering employment security programs, an organization spanning all States and Territories stood ready to direct workers to appropriate jobs and to analyze the skills of job seekers; to survey the present and future requirements of employers in terms of the numbers and types of workers needed and devise plans toward meeting these needs; and, for many workers, to bridge gaps in earnings during the inevitable readjustments entailed by the transition to all-out production. The Federal-State programs for unemployment compensation had already provided new bases for relationships between workers and the public employment offices. Records maintained by these offices of the training, experience, skill, and work capacities of individual job seekers provided a means for immediate utilization of available labor in all sections of the country. The benefit rights acquired by industrial and commercial employees provided a source of income when plants were shut down to re-tool or to assemble supplies for defense production.

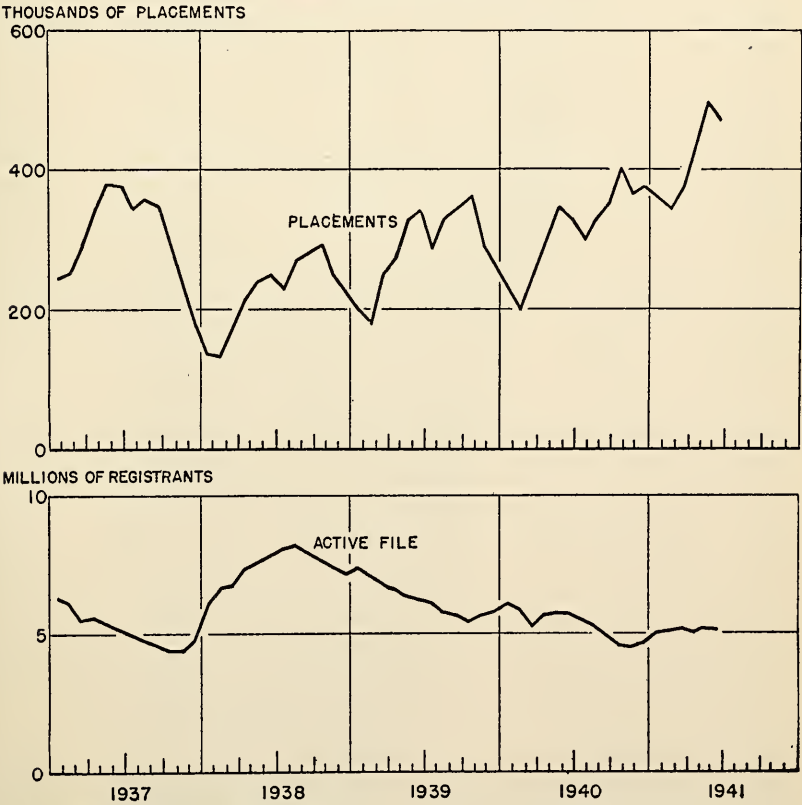
Scope of the Program

The Social Security Board administers the Wagner-Peyser Act in conjunction with unemployment compensation provisions of the Social Security Act and serves as an agency for coordinating the 51 State and Territorial employment security programs. The main responsibilities of the Board in certifying Federal grants to States for the administration of their unemployment compensation programs and for the Federal share of the costs of operating the United States Employment Service, in determining the conformity of State laws and their administration with Federal requirements, and in providing advisory services to the States are assigned to the Bureau of Employment Security. This Bureau works in close collaboration with the

Office of the General Counsel of the Federal Security Agency and with offices of the Board concerned with financial management, merit-system standards, regional policies, informational services, and coordinated research and planning.

The results of collection, consolidation, and analysis of Nation-wide data on job applications, on employment and pay rolls of covered workers, on volume, extent, and duration of unemployment benefits, and on geographic and industrial differences in all these factors have made available a body of information which has proved invaluable in the defense emergency. Moreover, the availability of an integrated system for orderly referral of qualified workers to jobs and for organizing training and pre-employment refresher courses to equip workers to meet the new demands upon their skills in defense projects, and the provisions of State laws for benefit payments to

Chart 15.—*Employment service: Complete placements and active file of registrants, January 1937–June 1941*¹



¹For fiscal year 1940-41, see table C-1.

tide industrial and commercial workers over periods of involuntary unemployment have proved a defense bulwark of significant proportions. Many instances of labor pirating by employers, futile mass migrations of workers in search of illusory jobs, and other serious dislocations of the labor market and the national economy have been forestalled through the prompt action of employment offices and co-operating employers and workers. Intensive efforts to forecast labor needs and to find a useful place in the civilian army of production for all job seekers, regardless of age, sex, race, or physical handicaps, have called into play techniques and forces which may be utilized with equal skill in reorienting the national economy to post-war conditions.

Applicants for Jobs

At the beginning of the fiscal year 1940-41, the active file of the United States Employment Service had 5.7 million registrants, about 11 percent of the labor force of the country. The 17.9 million applications for work received during the year represented a volume second only to the 20 million applications filed in the fiscal year 1933-34, when the employment service recruited workers for the Civil Works Administration program. By the end of June 1941, however, the active file of job seekers had declined to 5.1 million, 11 percent below the figure at the close of the previous year. The proportionate decrease in the number of male registrants was even greater, with a decline of nearly 14 percent from June 1940 to June 1941. The Selective Training and Service Act drew large numbers of potential job seekers from the labor market, and the civilian activities of the defense program resulted in many more placements of men than of women.

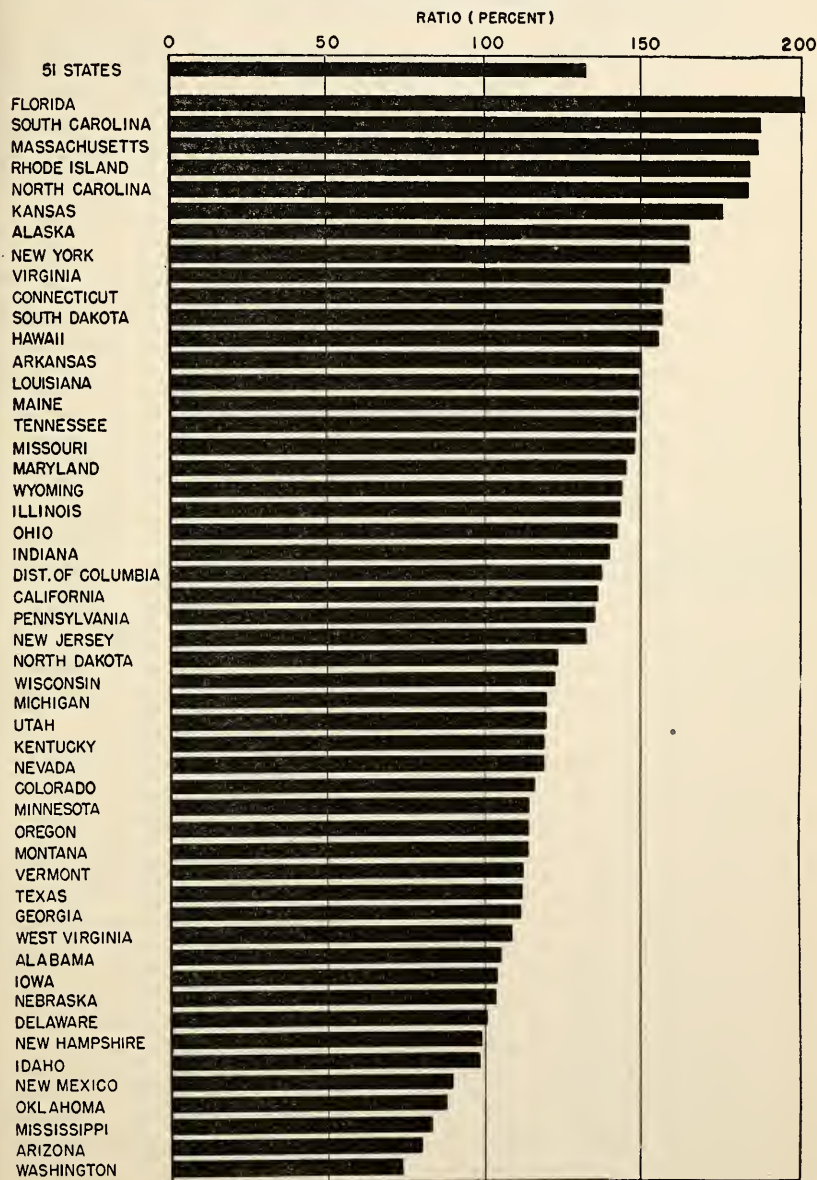
An annual inventory of the active file furnishes a periodic cross section of workers available for jobs. As of April 1941, 26 percent of the available job seekers were women and 74 percent men; 88 percent were white persons, and 12 percent were of other races; 12 percent were less than 21 years of age, and 30 percent were aged 45 or over. An occupational analysis indicates that 4 percent had had recent work experience in professional or managerial positions, 14 percent in clerical and sales jobs, 13 percent in service trades, and 18, 19, and 21 percent in skilled, semiskilled, and unskilled types of work, respectively; 7 percent had had experience in agriculture, forestry, or fishery, and 4 percent had had no recent work experience.

Placements of Workers

In the defense economy distinctions between placements in public and in private employment have been blurred, since it is impossible

to determine the extent to which Government contracts and Federal funds have contributed to the expansion of privately owned plants. Current data therefore combine public and private placements. Dur-

Chart 16.—*Employment service: Ratio of complete placements in fiscal year 1940-41 to complete placements in fiscal year 1939-40, 51 States*¹



¹ See also table C-4.

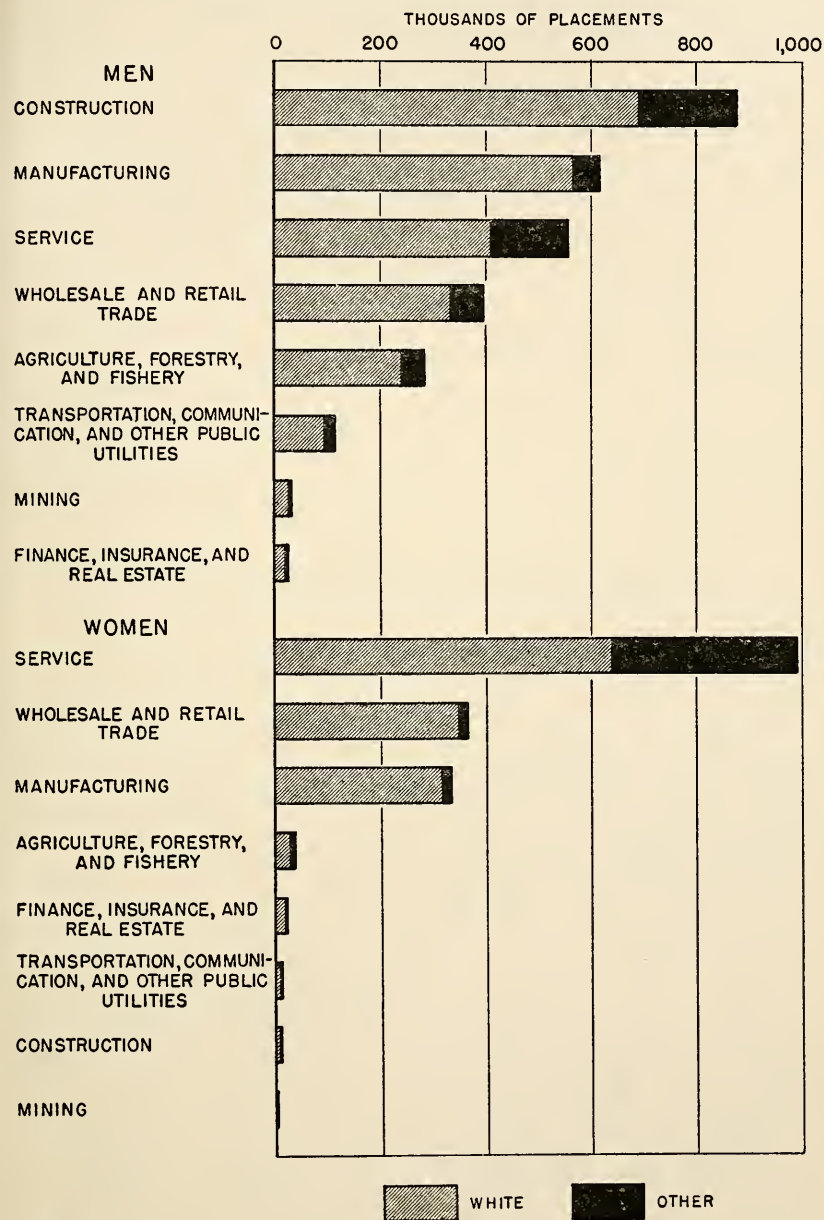
ing the fiscal year 4.6 million complete placements were made by the public employment offices, an increase of 31 percent over the total for the previous 12 months. Except for July and August 1940, placements in each month of the fiscal year exceeded all records for corresponding months since the beginning of 1937. Approximately 1.8 million different individuals were placed during the 6-month period January-June 1941, an increase of 60 percent from the number placed in the corresponding period of 1940. In addition, employment offices aided in making 1.6 million supplementary placements during the fiscal year by performing some but not all the steps through which jobs were obtained, mainly in connection with mass hirings of farm workers.

Of the complete placements, 62 percent were made for men and 38 percent for women, and 80 percent for white persons and 20 percent for other races; 19 percent were for workers under 21 years of age and 17 percent for those aged 45 or over. About 27 percent of the placements were in unskilled jobs; 11 and 10 percent, respectively, in semiskilled and skilled trades; and 1 percent in professional and managerial jobs. Manufacturing jobs represented 20 percent of the placements, construction 19 percent, and other industrial classifications 61 percent. Comparison with data reported for previous years by the Social Security Board and the Department of Labor reveals a marked growth in the extent to which the United States Employment Service is utilized by employers and workers in fields, especially among manufacturing industries, requiring trained and highly skilled personnel; formerly, expansion in placements was largely attributable to construction and service. Placements of men were most numerous in construction and manufacturing. More than one-half of all placements of women were made in the service industry; the number of women placed in manufacturing represented 19 percent of the total, as compared with 16 percent in the previous fiscal year.

Subsequent pages will outline the placement activities in connection with civilian jobs essential to national defense and the clearance techniques utilized to effect orderly transfers of workers from areas with available job seekers to those reporting shortages of workers with particular skills. Intensive efforts were made for the placement of special groups through the facilities maintained for war veterans, young persons, farm workers, Negroes, and handicapped persons.

It is estimated that 3.3 million more persons were at work at the end of June 1941 than at the beginning of the fiscal year, one of the largest gains in employment that has ever been recorded. The major part of this increase occurred in employment covered by State unemployment compensation laws.

Chart 17.—*Employment service: Complete placements, by industry division and by sex and race of worker, fiscal year 1940-41*¹



¹ See table C-5.

Covered Employment and Wages

At the beginning of the fiscal year 1940-41, it is estimated, some 33.5 million workers had acquired credits toward unemployment benefits under State unemployment compensation laws, though not all had accumulated rights sufficient to qualify for benefits. By June 1941, improved employment conditions had increased the number with such credits to an estimated 35 million, or approximately two-thirds of the Nation's 1940 labor force. Preliminary data for the calendar year 1940 indicate that \$32.4 billion—nearly 12 percent more than in 1939—was earned in covered employment in all 51 jurisdictions of the United States. Such wages, which in 1940 constituted about 68 percent of the estimated total of all wages and salaries paid, provide a measure of the extent to which workers have acquired potential rights toward benefits should they become unemployed. On the average, 23 million covered workers were employed in each month of 1940, as compared with 21 million in 1939. The more rapid tempo and wider ramifications of the defense program are revealed by expansion in manufacturing, with an increase of 10 percent in average monthly employment and 17 percent in total wages of covered workers.

Chart 18.—*Unemployment compensation: Waiting-period and compensable continued claims received, weeks ended in January 1940-June 1941*

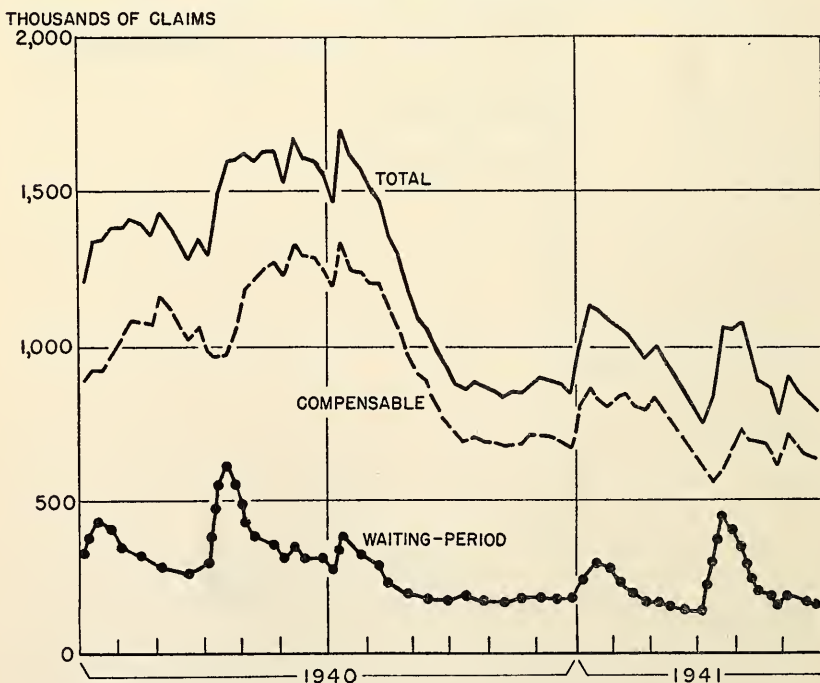
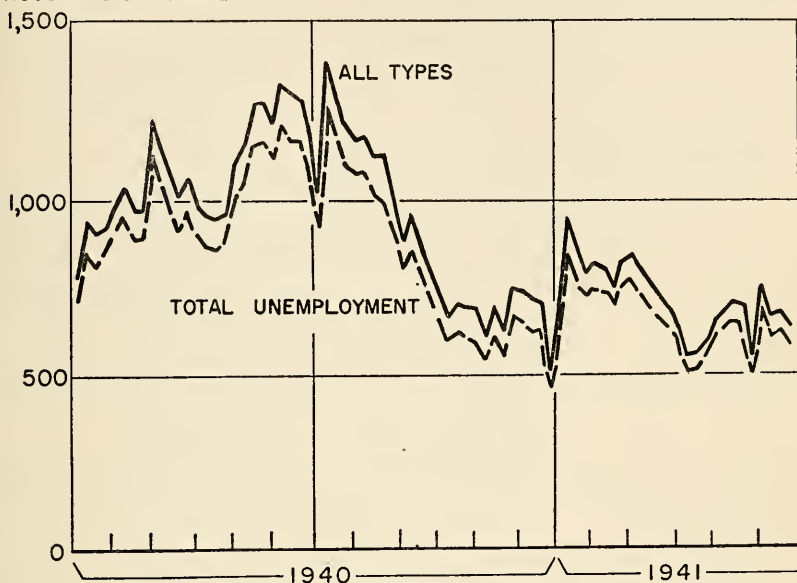


Chart 19.—*Unemployment compensation: Weeks of unemployment compensated, weeks ended in January 1940–June 1941*

THOUSANDS OF WEEKS



In construction, average monthly employment in 1940 was 10 percent above the figure for 1939, and wages of covered workers increased 15 percent. As of June 30, 1941, approximately 850,000 employers were liable for the payment of contributions under State unemployment compensation laws. The increase of approximately 40,000 employers over last year is largely attributable to the inclusion of firms which added a sufficient number of workers to their pay rolls or operated long enough to become subject to the unemployment compensation law of their State, rather than to changes in coverage provisions of State laws.

Unemployment Benefits and Beneficiaries

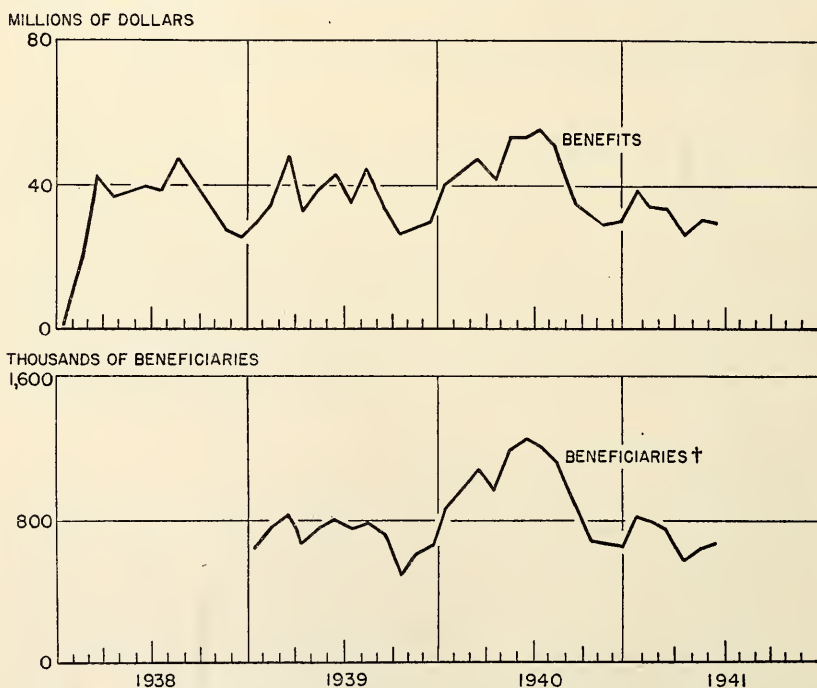
In spite of expanding employment opportunities and depletion of labor reserves in certain fields, there was a considerable volume of compensable unemployment during the fiscal year. State agencies made determinations on 5.8 million new claims for benefits, of which 4.8 million were allowed. Benefits totaling \$433.4 million compensated for 41.7 million weeks of unemployment. At least 3.9 million workers drew benefits for a week or more during the year, as contrasted with approximately 5.2 million workers in the previous year. The difference between new claims allowed and the estimated

number of workers drawing benefits at some time in the year represents the number of workers who got jobs before the expiration of the waiting period required by the State law.

During the fiscal year the average weekly payment for total unemployment was approximately \$11. It is estimated that the average duration of benefits was about 11 weeks per beneficiary and that approximately half of the beneficiaries exhausted their benefit rights before the end of their benefit years.

Differences among States in the volume and duration of compensable unemployment result in wide variations in the amounts of benefit payments. State disbursements are affected also by variations in length of waiting period, in types of disqualifications imposed on claimants, and in provisions with respect to benefit amounts and duration. As a result there are wide differences in the ratio of aggregate benefit payments to contributions. For the United States as a whole, benefit payments during the fiscal year represented 49 cents

Chart 20.—*Unemployment compensation: Total amount of benefits, January 1938–June 1941, and weekly average number of beneficiaries, January 1939–June 1941*¹

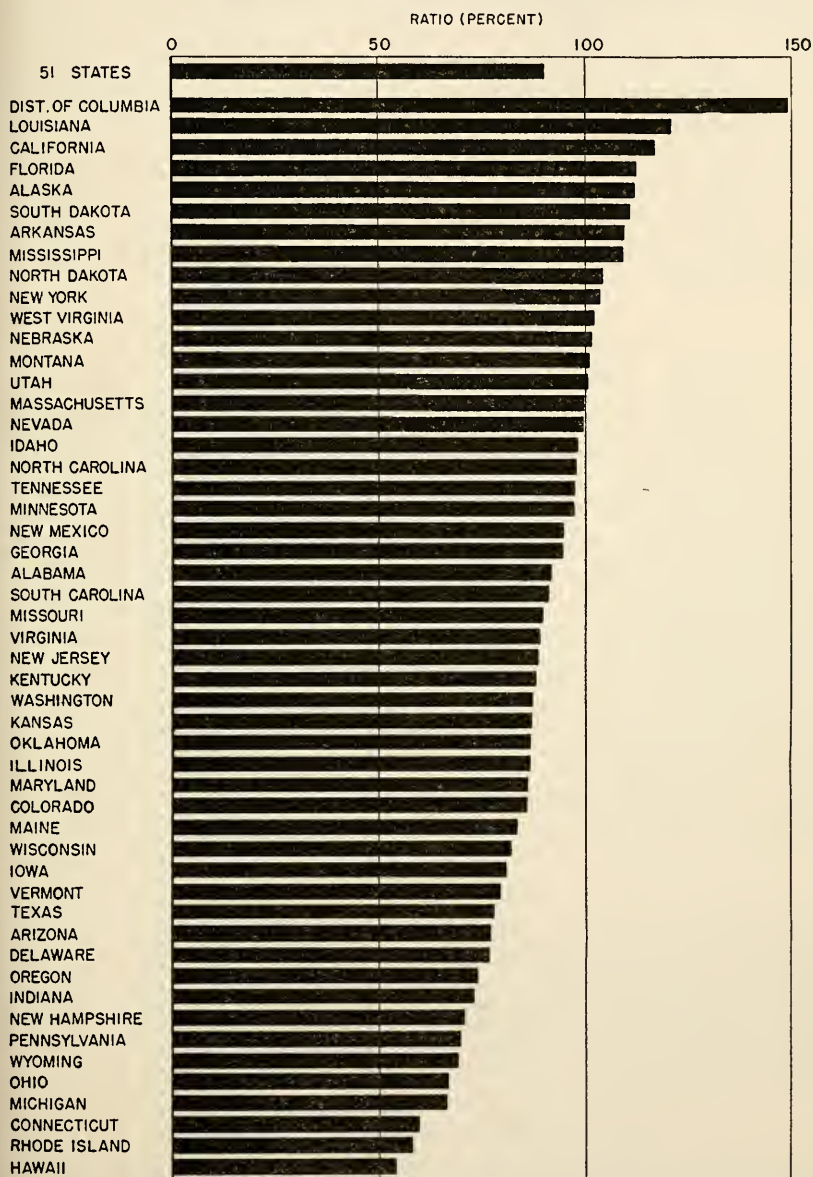


¹ Since beneficiaries are expressed as a weekly number while benefits are a total for the month, the 2 series cannot be used to compute average benefits.

†For 1939, number during midweek of month; for 1940–41, average of number in calendar weeks ended in month. Data for 1938 not available.

for each \$1 of current collections, but the rates for individual States ranged from about 10 cents to \$1.07 per \$1 of collections.

Chart 21.—Unemployment compensation: Ratio of benefits in fiscal year 1940-41 to benefits in fiscal year 1939-40, 51 States¹



¹ See also table C-13.

Funds available for benefits on June 30, 1941, in the Federal unemployment trust fund and in State clearing accounts and benefit-payment accounts totaled \$2,104.9 million, 23 percent more than at the same date of the previous year. At the close of the fiscal year the unemployment trust fund held \$2,091.3 million to the credit of State agencies. During the year, State deposits amounted to \$891.0 million; \$433.7 million was withdrawn by State agencies for benefits; interest totaling \$45.9 million was credited to State accounts; and \$104.1 million was transferred from State accounts to the railroad unemployment insurance account in the same fund. These transfers represented the remainders of amounts calculated on the basis of contributions collected in 48 States with respect to employment before July 1, 1939, which became subject as of that date to the Railroad Unemployment Insurance Act.

Federal Grants to States

The Federal Government not only bears the cost of administering State unemployment compensation programs but in addition matches State and local funds for the operation of the placement functions of State employment services. Collections under the Federal Unemployment Tax Act during the year amounted to \$100.1 million. These collections are not earmarked but are covered into the general fund of the Treasury. Federal grants to States for unemployment compensation administration are made from congressional appropriations from the general fund of the Treasury. Grants to States for the fiscal year amounted to \$65.7 million, of which \$62.5 million was certified to the Treasury for payment to States under the provisions of title III of the Social Security Act, and \$3.2 million for the Federal share of the costs of maintaining the Nation-wide United States Employment Service under the Wagner-Peyser Act. Under the matching provisions of the latter act, State and local funds amounting to \$3.3 million were made available during the year. The total administrative costs of the State employment security programs in the 48 States, Alaska, Hawaii, and the District of Columbia were \$68.7 million, as compared with \$65.6 million in the previous fiscal year. For both years these figures exclude part of the costs of maintaining the employment service of the District of Columbia, which are merged with administrative expenses of the Social Security Board.

Administrative and Fiscal Procedures

The responsibility of the Social Security Board for determining the compliance of State plans, statutes, and operations with the require-

ments of the Wagner-Peyser Act and the unemployment compensation provisions of the Social Security and Federal Unemployment Tax Acts requires joint Federal and State consideration of policies, principles, standards, and procedures for the operation of a Nationwide employment security program with due regard for variations in State industrial patterns and State laws. Unless the Board can certify to the Treasury at the close of each calendar year that a State unemployment compensation law is in conformity with the requirements of the Federal statutes, employers will not be allowed to deduct from their Federal unemployment tax amounts representing normal and additional credits for payments to State unemployment funds. Furthermore, the Board can certify Federal grants to meet necessary costs for the proper and efficient administration of the State unemployment compensation law only when the Board has approved the State law as in conformity with Federal legislation and is assured that continuing operation conforms with the approved provisions.

The consolidation of the placement and benefit-payment functions of the program at Federal, State, and local levels effected at the beginning of the previous fiscal year has facilitated approach to the program as a whole. Through central and regional mechanisms established by the Board for a two-way exchange of Federal and State experience and policies in technical, legal, fiscal, and economic fields, the Board formulates and makes available to the States policies and standards of administration to safeguard and improve unemployment insurance and employment service operations and to ensure conformity of State programs. Advisory services are made available to the States in connection with State legislation, merit standards for personnel, experience rating, reporting and internal operating procedures, and budget procedures, and through comparative analyses of benefit determinations, eligibility requirements, disqualifying conditions, and standards for the payment of benefits for partial unemployment under State unemployment compensation laws.

Merit-System Standards

The Social Security Act Amendments of 1939 gave statutory recognition to the need for merit standards for personnel as a means of assuring proper and efficient administration of State unemployment compensation programs, by requiring that, after January 1, 1940, Federal grants to States for administering these programs be conditioned on the operation of State merit systems. Since the Board had urged from the outset the adoption of merit standards and had rendered technical assistance to the States in this area, the statutory requirement caused no major change in current State practice.

Developments during the fiscal year, which are summarized in chapter V of this report, included consideration of the fiscal relationships between employment security agencies and State-wide or joint merit-system organizations serving other State departments. The Board has expressed its approval of the principle of a single State agency responsible for examination programs, personnel policies, and other aspects of personnel administration in at least all departments receiving Federal funds through Board certification, and has participated in efforts of the United States Public Health Service and the Federal Children's Bureau to develop standards applicable to all grants to States under the Social Security Act.

Organization and Internal Controls

In determining the costs of proper and efficient administration for individual State programs, it has been necessary for the Board to analyze the functions and organizational relations of advisory committees, executive officers, and service units to the program as a whole, and to render assistance to the States in connection with organizational problems and internal controls. With the cooperation of 32 State employment security agencies, studies have been conducted during the fiscal year to determine the unit costs of functions performed. These data have been used by the Board and the States to analyze costs, to examine possible duplication or misdirection of effort, and to simplify procedures. They have been used also in evaluating the effect of specific provisions of State laws on administrative costs, in developing performance standards for organizational or functional units common to all State agencies, and in answering specific questions, such as the relative costs and advantages of office equipment and machines.

Data derived from these studies prove valuable in the formulation and appraisal of State requests to the Board for grants under the Social Security Act and the Wagner-Peyser Act and, in turn, for information supplied by the Board to the Bureau of the Budget and to Congress in connection with Federal appropriations for grants to States for the employment security program. Development of administrative accounting standards, as well as records of personnel, pay rolls, equipment, and stock control, is in process. Manuals have been issued for the guidance of State agencies with respect to equipment control, and preliminary plans have been completed for collecting data which will aid State agencies in making semiannual budgetary requests on a basis which will show the agencies' needs by functions and activities. The complete functionalization of budgetary requests

will require extension of time and cost studies to all State and Territorial agencies, as well as the further analysis of the relationship of costs to varying activity loads.

Fiscal Standards

Marked progress has been achieved during the year in the operation of standards governing Federal-State fiscal relationships in the employment security program. By the close of the fiscal year the Board's standards with respect to travel expenses had been met through the adoption of adequate regulations and procedures by all State employment security agencies, and the Board's procurement standards, except for minor changes required in six States, were likewise in full effect. Satisfactory progress was also made in the adoption by State employment security agencies of salary and leave regulations, revised and implemented to make appropriate provision for employees inducted into the armed forces, and in adoption of standard lease forms. Through State use of these and similar standards, it has been possible for the Board to relax line-item budgetary control for many State agencies, without sacrifice of assurance that expenditures are limited to amounts necessary for proper and efficient administration.

In cooperation with the Post Office Department, procedures were established, pursuant to the special authorization contained in the Labor-Federal Security Appropriation Act, 1941, whereby postal service under arrangements formerly limited to State employment service offices was extended to State employment security agencies as a whole, with subsequent reimbursement by the Board to the Post Office Department. Under the procedures first effected, the State agencies maintained daily records of postal matter mailed, and on the basis of such records the Post Office Department was reimbursed periodically upon certification by the Board to the Secretary of the Treasury. The procedure thus adopted involved reviewing a total of approximately 40,000 daily reports each month and proved unduly cumbersome and costly. A revised procedure was agreed upon by the Board and the Postmaster General, effective July 1, 1941, to eliminate the daily reports of State agencies; periodic payments to the Post Office Department are to be estimated on the basis of exact tabulations for the period January 1 through June 30, 1941, adjusted in the light of fluctuations in such basic factors as number of initial claims, number of benefit checks issued, and number of placements. A considerable saving in administrative costs at both State and Federal levels should result from the elimination of the detailed daily records and monthly reports.

Fund Management

With the close cooperation of the Treasury Department, the major objectives of a plan for management of State unemployment funds were substantially achieved during the year ended June 30, 1941. Arrangements with the Treasury Department for the deposit of compensating bank balances to avoid service charges on State clearing accounts and benefit-payment accounts in local banks were mentioned in the Fifth Annual Report. These arrangements have been extended to both accounts for all State agencies through Treasury deposits of \$37.0 million during the year. The resultant savings in the administrative costs of the unemployment compensation program amounted to approximately \$1.0 million. These arrangements, moreover, make it possible to assure compliance with the requirements of the Social Security Act with regard to immediate deposit of unemployment compensation contributions in the unemployment trust fund, as well as with the requirements limiting withdrawals from the unemployment trust fund to amounts currently required for benefit payments. It is now feasible for States, without incurring service charges on bank accounts within the State, to withdraw funds for benefit payments in amounts sufficient for only a week's payments. Each State, therefore, can retain in the trust fund at interest a substantially larger balance than would otherwise be possible, and thousands of dollars of additional earnings accrue to the accounts of the States and are available for future benefit payments.

State laws and practices with respect to collateral security, bonding, and other protective measures were carefully analyzed, and steps were taken to assure conformity with the Board's standards with respect to such safeguards. By the close of the year, appropriate action had been taken by most States to establish separate bank accounts for the unemployment compensation funds, thus preventing commingling of such funds with other State moneys and providing for full collateral security maintained in separate custody accounts. Considerable progress was also made in connection with bond protection covering fund custodians. Recommendations were made to the States on legislative amendments necessary to meet Board standards and on other desirable administrative changes. Attention has been centered primarily on measures pertaining to the unemployment compensation fund in view of the requirements of the Social Security Act Amendments of 1939, effective July 1, 1941, with respect to State replacement of any administration fund moneys lost or improperly expended.

Reports are received each month by the Board and the Treasury Department from the State agencies and the banks handling State

accounts, showing daily financial transactions. These data must be currently reviewed to adjust the compensating bank balances from time to time on the basis of fluctuations in the volume of transactions handled by the banks, to assure the maintenance of maximum balances in the unemployment trust fund, and to minimize the danger of losses.

Budgetary Review

To coordinate and direct regional review and submission of State semiannual budgets, a system was instituted during the year to provide for advance review of the fiscal aspects of State operations and activities. After consideration of the latest available statistics on placements, claims, appeals, contribution reports, registrations, and other pertinent data, the operating and fiscal problems of each State are discussed with officials of the State agency. The State agency can thus proceed in the preparation of the semiannual budget estimates and make provision for desired changes and improvements in practices and procedures, reducing to a minimum the number of questions of major policy or practice which might arise at the time of the Board's budget review. On the basis of this exchange of information between regional representatives and State officials and the early statement of Board policies and objectives, all budget requests for the fiscal year were presented to the Board for consideration prior to the period for which such budgets were applicable, and in most cases budgets were approved prior to the beginning of the fiscal period for which grants were certified. This system operated successfully during the year and proved most advantageous to the State agencies, which thus were able to plan in advance on the basis of approved budgets and to make recommended adjustments without interrupting operations.

Mobilizing Labor for Defense

Nearly every policy adopted and every action taken by the Board in connection with the activities of the United States Employment Service were directed to one objective—recruiting workers needed by defense industries. Procedures were instituted or simplified and new working arrangements between Federal and State agencies devised to cope with the needs for labor. Federal recognition of the strategic position occupied by the United States Employment Service in matters concerning labor policy was evidenced by the National Defense Advisory Commission as early as September 1940 when, in connection with a statement on labor recruiting issued to all employers concerned with defense production, the Commission asked

that "as far as possible, the local employment offices or other agencies designated by the United States Employment Service should be utilized." In February 1941 the Office of Production Management informed all employers holding defense contracts that "no employer should attempt by any methods to recruit labor from outside his local area or engage in any advertising, local or otherwise, without first consulting with the local public employment office as to the necessity of such action and as to the methods to be employed." The purpose of these instructions was to effect an orderly recruitment of workers, since prospects of increasing shortages of skilled and semiskilled labor were imminent.

Vigorous steps had already been taken by the United States Employment Service to obtain needed workers. Shortly after the issuance of the first defense contract, the impact of the recruitment program began to be felt throughout the Nation-wide system of 1,500 full-time and 3,000 part-time local public employment offices which maintain free services for workers and employers. The Federal Civil Service Commission requested the United States Employment Service to assist in recruiting workers needed for the expansion of work in Government navy yards and arsenals. Representatives of the Board went to districts where the civil-service units were located and, in cooperation with the State employment service personnel, reviewed the work histories of thousands of workers already registered at those offices. The resulting referrals ran into the thousands and included many highly skilled workers, such as loftsmen, coppersmiths, machinists, ship fitters, and ship riggers. It was often found that applicants placed in these Government jobs had been engaged in work which did not utilize their skill in these occupations. By the close of the year, plans had been made for the designation by the Board of the 12 regional employment security representatives as regional labor-supply officers and their appointment by the labor-supply branch of the Office of Production Management to act as chairmen of 12 labor-supply committees established by that agency to integrate the defense work of various regional groups. These committees are expected to resolve locally many problems of Government and industry in connection with labor recruitment which might otherwise require central handling.

Determining Employer Needs

It was evident that a labor-recruitment program must be based upon detailed information on labor-market conditions. While much information was already available to the United States Employment Service, extension of the reporting program was required. In order to

determine more accurately the volume and character of the demand for labor, arrangements were made for monthly visits by representatives of the public employment offices to defense employers to obtain detailed schedules of labor needs over the coming 60-day period. Visits now are made every other month, and employers are furnishing 3-month forecasts of their labor requirements in addition to more detailed monthly estimates.

Supplementary information is furnished by each State agency in a monthly report to the Board on various aspects of the labor market which cannot be formulated quantitatively, such as the relation of supply to demand, changes in employer specifications, competition for labor, migration, and public and private facilities for training workers. The need for more detailed information on particular situations has led to intensive studies of the active labor market in various active local areas. These studies, made by the Board in cooperation with the State employment security agencies, provide long-range forecasts of employer labor needs and information on the adequacy of supply and the number of workers that will have to be brought into the area. By the end of the fiscal year, 175 surveys covering almost all major industrial or defense areas of the country had been made or were in process.

The reports on local labor markets have proved invaluable not only in connection with the day-to-day operations and advance planning of the employment services but also as a source of information for other defense agencies whose policies and programs depend upon labor-market conditions. Several Federal offices, including the Division of Defense Housing Coordination of the Office for Emergency Management, the Office of Production Management, the War Department, the Maritime Commission, and the Department of Agriculture, have utilized these data in appraising established or pending policy.

Ascertaining Available Skills

At the outset of the defense program the Board was able to make immediately available to the Office of Production Management the results of the annual inventory, taken in April 1940, of persons registered with the local public employment offices. The data proved valuable in resolving such questions as the location of plant sites and the adequacy of the supply of workers in communities where expansion was proposed. Ordinarily such information would have been representative of the labor market for months thereafter. With the acceleration of the defense program, however, the data obtained in the survey rapidly became obsolete. Provision was

therefore made in July 1940 for a monthly compilation of the number of workers available in a list of nearly 300 occupations deemed essential to defense industries. The list has been revised several times and expanded to include monthly compilations of the number of workers with specified skills in more than 600 skilled and semi-skilled occupations in the manufacture of defense products.

Since it is always possible that some workers with the desired skills are not registered at the public employment offices and that many employed workers are not using their most needed skills, an intensive registration campaign was undertaken during the period March 15–April 15, 1941. All unemployed workers were urged to register at local public employment offices if they were not already registered, and employed workers who had unused skills or experience in aircraft, shipbuilding, machine shops, ordnance works, and other types of industry were also urged to register voluntarily. This campaign resulted in the registration of nearly 1.5 million workers who had hitherto not used the employment offices, while nearly 2.0 million workers who had once been on record as job seekers came into the offices to renew their applications. An inventory of the persons actively seeking work who registered at the local offices between March 1 and April 26 disclosed that of 4.4 million workers approximately 4 million were available for referral to jobs. Of those available, approximately 200,000 were already employed but were willing to accept other employment, presumably at a higher skill. The 400,000 found to be unavailable for referral to jobs were those who were working and not interested in other jobs, those who were working at their primary skills, and those who were not physically or otherwise able to hold a job. Approximately 482,000 registrants were found to have skills essential to defense industries. A large number were construction workers; only 146,000 metal-trades workers, 6,200 aircraft workers, and 9,700 shipbuilding workers were available. It became evident that the supply fell far short of the anticipated defense needs for the latter half of 1941, to say nothing of 1942. Continued monthly correlation of information on labor supply with that furnished by defense employers on labor demand reveals the occupations where supplies are critically low and where special attention of the United States Employment Service is needed.

Training Workers

In anticipation of extensive demands for labor, Congress had enacted legislation in June 1940 providing for vocational training of workers for defense industries. One phase of this legislation, the pre-employment refresher training program, provided that at least

half the referrals to the courses may be made by the Work Projects Administration, insofar as possible, and the others by the United States Employment Service. Local offices therefore became responsible for selecting workers whose skills were rusty or whose aptitudes, previous experience, or training appeared to justify such training for defense jobs. During the fiscal year 1940-41 the employment service referred about 205,000 persons to defense vocational courses. Cooperative relationships between vocational schools and employment offices were formalized in March 1941, when the United States Office of Education and the Bureau of Employment Security of the Social Security Board arranged to include in the local advisory committees for the training program a representative of the employment office to act as a consultant to the schools in planning the training courses. This arrangement made it possible to gear training more closely to the actual and prospective labor demands in each community.

The Coordinator of Defense Training of the Federal Security Agency revised these procedures in June 1941 by establishing councils of State and local administrators, which include representatives of the United States Employment Service, the Office of Education, and the National Youth Administration and provide a basis for joint action on aspects of defense training which involve more than one of the constituent agencies. The employment service is responsible for recommending to the councils the occupations in which training is to be given, the numbers of workers to be trained, the selection and referral of persons enrolled, and the placement of workers trained, an arrangement which relates the training program to the industrial needs of communities. A list of occupations for vocational training courses for defense workers was prepared jointly by the Bureau of Employment Security and the Office of Education, approved by the Office of Production Management, and released to State agencies and vocational schools in June. This list is expected to facilitate more specific training in single skills.

In addition, public employment offices have helped to develop training within industry through the services of occupational specialists who have assisted defense employers in plans for upgrading workers and for plant training courses.

Classifying Occupations and Aptitudes

One of the major contributions to the defense program has been the activity of the United States Employment Service in defining and classifying jobs of American workers. Even prior to the defense program the importance of this work had been recognized as an aid to labor and industry. The years of research on job skills had culminated in a monumental Dictionary of Occupational Titles issued in

1940. Job analyses, made in cooperation with industrial engineers and technicians thoroughly familiar with industrial processes, establish clear-cut descriptions of the duties performed, the experience and training necessary, and other job specifications, and make it possible to separate complex industrial processes into simpler components or activities which can be performed by less skilled workers. Analyses have been made for areas in which labor shortages have appeared locally, in various local defense plants, including Government navy yards and arsenals, and for some of the largest corporations in the country, and have resulted in recommendations for more effective utilization of workers. This service has facilitated the employment of workers and often has obviated the need to obtain workers from other areas. It has increased the wages of workers who have proved their capacity for carrying on work at higher skills, has shortened the training period of those whose skills were rusty or obsolete, and has enabled the employment service to fill the specific requirements of employers.

Because of urgent requests from State agencies, the occupational or aptitude-testing service developed by the Bureau of Employment Security has been expanded rapidly during the fiscal year. There are now aptitude-testing facilities in 175 public employment offices, and trade tests are in use in 575 offices. These tests are utilized in selecting persons for training courses and inexperienced workers with promising aptitudes for defense jobs.

Clearance Procedures

With the inception of the defense program there was evident need for clearance of labor across State lines when local supplies of labor were inadequate. Such a procedure also reduces the volume of aimless migration that usually accompanies boom conditions in this country. Each Social Security Board region was designated as a unit for clearance of information on job openings and labor supply. Upon receipt of an employer order for workers not available locally, the local public employment office applies directly to other local offices within a short radius. If the needed workers cannot be obtained the order is forwarded to the central office of the State agency, which attempts to find the workers from other areas within the State. Should this attempt prove fruitless the order is referred to the clearance representative in the regional office of the Social Security Board, who routes it directly to the areas of other States in the region where there is some likelihood of obtaining the workers. If the job order cannot be filled, it is referred to Washington for clearance to other regions of the country. The effectiveness of this procedure has been

evident in the sharp expansion of placements made through clearance facilities. Nearly 79,000 inter-area placements were made in the first 6 months of 1941.

Regular Placement Services

To reflect the results of the transfer of the United States Employment Service to the Social Security Board, a comprehensive body of "Rules and Regulations under the Wagner-Peyser Act" was adopted in August 1940, including the former United States Employment Service rules and regulations and necessary revisions. The previous requirement that the operation of the employment service be under a full-time administrative officer was strengthened by the provision that he be directly responsible to the agency for all functions assigned to local employment offices, including claims activities. Important also are the regulations with respect to labor relations. The regulation requiring local employment offices to refrain from making referrals to vacancies resulting from labor disputes was adopted by the Board with necessary revision. In addition, the Board adopted regulations requiring employment offices to refrain from discrimination in referral because of union membership, and to refrain from referral to positions where the conditions of employment are contrary to law. Instructions to State agencies on the preparation and submittal of employment service plans were issued by the Board in September 1940. For the first time, a complete statement of the organization of the agency administering both the employment service and unemployment compensation activities is required as a part of the plan; an important change permits State agencies to submit a continuing plan and subsequent amendments, if necessary, instead of a plan for a stipulated period, as was previously required. Special emphasis has been placed on the review of sections of the State plan which deal with the administrative organization of State agencies and local employment offices, the areas served, and the type and extent of service rendered by local offices. When necessary, State agencies have been requested to make changes in organization and practice. By June 1941 new plans for all States had been approved by the Board as in conformity with the requirements of the Wagner-Peyser Act and reasonably appropriate and adequate to carry out its purposes.

To assist the States in the effective operation of employment offices, the Board makes available the services of a staff experienced in scientific organization and management. During the fiscal year 1940-41, surveys of employment service operations were made, at the request of the State, in Florida, Iowa, Maryland, Massachusetts, Michigan, Minnesota, Rhode Island, Washington, and West Virginia and were

begun in Louisiana and South Carolina. Analyses of operation or special assistance have been provided for several metropolitan centers in other States, including Chattanooga, Denver, Kansas City, New York City, Philadelphia, St. Louis, and Washington, D. C. Assistance on specific problems, related principally to premises and office lay-outs, has been extended to several States which have not yet requested a complete survey. Two recent surveys have involved detailed recommendations concerning the handling of claims for unemployment benefits. In all instances the recommendations of the Board have been accepted by the State agencies requesting surveys, and all but one State asked for technical assistance in putting the recommendations into effect.

Special Placement Services

Service for veterans.—The Veterans Placement Service continued to operate during the fiscal year with a representative in each State (and, in addition, an assistant representative in Illinois, New York, and Texas) who is responsible for general supervision of the employment interests of veterans registered in local offices of State employment services. As the Selective Training and Service Act removed thousands of young men from the labor force and as the defense program was accelerated, the value to employers of older workers became more apparent, and in some instances employers' rigid specifications with regard to age and disability were relaxed. In cooperation with the Veterans Administration, this service registered during the year all veterans in Civilian Conservation Corps camps, and the Office of Education furnished the occupational classifications of the men in the camps. As a result, many skilled workers were recruited from these groups for defense jobs or training for defense jobs. During the fiscal year veteran placements totaled 155,000, the largest number since the year ended June 30, 1938. There were only 213,000 veterans registered at public employment offices on June 30, 1941, 12 percent fewer than a year previously.

Farm placement service.—During the past fiscal year, placements of farm workers made by public employment offices reached a new high point in the history of the employment service. The 1.6 million such jobs filled represented about 27 percent of all placements made by the affiliated State employment services. From January through June 1941, the number of farm placements was 24 percent above that for the corresponding period of 1940. The increase indicates improvement in the organization for recruitment and referral of farm workers. At the Federal level, impetus has been given to State programs through agricultural surveys, assistance in setting up and developing

programs in States not as active as other States in serving agricultural needs, and suggestions for improvements in recruiting and referral practices. Cooperative agreements with the United States Department of Agriculture provide for assistance in gathering basic data and acquainting the agricultural population with the farm placement service through land-use committees which include employment service representatives. Because of the defense program and the upswing in industry the number of farm workers has been reduced, and efforts to meet the needs of agricultural employers call for close working arrangements between all State services.

Service for young persons.—During the fiscal year, the number of offices with specialized service for young persons increased from 324 to 522. On July 1, 1940, as a result of Federal legislation, nearly 100 junior counselors of the National Youth Administration operating in State employment offices became an integral part of State employment security administration. Placement of junior workers has increased markedly during the past 7 years and has been greatly accelerated by the opportunities for young persons in defense industries. A total of 880,000 placements of persons under 21 years of age during the fiscal year represented an increase of 269,000 from the previous year. Such placements increased from 17 percent of all placements to 19 percent.

Service for the physically handicapped.—There has been a growing acceptance on the part of State employment service and Bureau personnel of the responsibility of the employment service for placement of physically handicapped persons, particularly in activities connected with the defense program. The attitude of employers toward handicapped workers is undergoing a favorable change, and many are adopting more realistic physical standards. A handbook on placement of physically handicapped applicants through public employment offices was completed during the year by the staff of the Board. Conferences with State and local personnel were conducted in 10 regions to introduce discussion of proposed procedures and to assist the State agencies in developing services for physically handicapped applicants. In cooperation with occupational research centers in Detroit and Chicago, State employment security agency staffs are using the job-analysis technique in developing placement opportunities for the physically handicapped and in collecting information on physical requirements and working conditions for use in training personnel for interviewing and placement. There was a continuous increase in the placement of handicapped workers from 7,000 in July-September 1940 to 15,000 in April-June 1941.

A continuing conference on classification of physical impairments was established under the joint auspices of the Bureau of the Budget and the United States Public Health Service. This conference includes a representative of each Federal agency concerned with the problems of the physically handicapped. The group is engaged in a project to develop a standard nomenclature and classification of physical disabilities. A rehabilitation coordinating committee was also established, composed of representatives of bureaus of the Federal Security Agency and other Federal agencies, to develop a program for better coordination, especially at the point of service, of Federal, State, and local activities affecting the disabled. Three demonstration centers were established in Illinois, Indiana, and Wisconsin.

Special service for Negroes.—To assure that facilities of public employment offices are utilized most effectively in the placement of all racial groups of the population, technical studies were made in 12 States to analyze office procedures relative to the registration, classification, and referral of Negro job seekers. In these and 14 other States special efforts were made to deal with employment problems associated with racial discrimination on the part of employers. State conferences on Negro employment, conducted by the Board with the cooperation of the State agencies, were held in California, Delaware, Indiana, Michigan, and New Jersey. Ohio and Michigan have appointed Negro specialists to supervise and advise on the problems of Negro workers, and Massachusetts and Rhode Island have made appropriations for study of such problems. A special study of the availability of Negro labor in Chicago was made for the Office of Production Management; a compendium report on available data on the Negro labor market, based upon field visits by the Board's staff, was made for 44 cities; and special field services were rendered in connection with the employment of Negro workers in the aircraft industry. In response to this effort and to the increased demand for all types of labor under the defense program, placements of nonwhite workers, most of whom are Negroes, increased from 733,000 in the fiscal year 1939-40 to 918,000 in 1940-41, a volume higher than in any other year since the establishment of the employment service.

Relations with labor organizations.—Contacts have been maintained by the Board with the Labor Relations Section of the National Defense Advisory Commission and the Office of Production Management and with officials of the major labor organizations to effect maximum cooperation between local employment offices and union locals. In cooperation with a labor representative of the National Defense Commission, members of the Board's staff have assisted in obtaining the cooperation of employers and various quartermaster construction

offices, and 21 States were visited to aid in developing adequate labor relationships.

District of Columbia Employment Center.—As a part of its functions in the administration of the Wagner-Peyser Act, the Social Security Board assumed responsibility in July 1939 for all operations of the United States Employment Service for the District of Columbia. During the fiscal year nearly 58,000 jobs were filled by the District Employment Center, as compared with about 42,000 during the preceding 12-month period. A gain of 74 percent in placements in the commercial and professional field was the highest percentage increase; industrial and building-trades placements were up 37 percent; hotel and restaurant placements, 36 percent; and domestic and service placements, 28 percent. New applications filed with the Center during the past fiscal year totaled 51,503, an increase of nearly 12 percent from the preceding year. The active file as of June 30, 1941, contained 23,568 registrants, a decrease of 39 percent. In July 1940 it became necessary to establish a separate clearance section in this Center to recruit, throughout the country, various types of workers needed in connection with the national defense program. Job orders were received from the Departments of War, Navy, Interior, and Labor, and from the Civil Service Commission and other Government agencies, as well as from private employers. Many of these orders were for skilled men needed for defense construction and maintenance work in distant places, such as Puerto Rico, Panama, and the Hawaiian Islands. About 800 placements were made through this clearance service during the year.

Compensating Unemployed Workers

The Social Security Board, in fulfilling its responsibilities under the Social Security Act for assurance that Federal grants to States for administration of unemployment compensation laws are furthering sound and effective programs, is concerned with the legislative framework and administrative efficiency of the 51 diverse State programs. It devolves upon the Board to establish certain minimum standards with respect to the requirements of the Federal legislation and to render legislative and administrative assistance to States in order that these minimum standards and the higher standards set by some States may be met within the scope and purpose of the State laws.

The initial years of operation have demonstrated the value of the underlying principles of the unemployment compensation program established under the Social Security Act. Its importance will con-

tinue to be evident in the current shift of American industry from the production of goods for civilian consumers to the task of arming for defense. As workers are thrown out of their customary jobs while machine tools are awaited, new equipment installed, and materials obtained, the majority can qualify for weekly payments based on their rights to unemployment benefits under State laws. Experience in the operation of State unemployment compensation laws has revealed, however, certain gaps in coverage and wide differences in State benefit provisions, and has raised questions concerning the adequacy of benefit payments and the ability of some States to finance their systems in periods of prolonged or widespread unemployment.

With the increased mobility of labor in the defense program, it is clear that State differences in unemployment compensation will result in increasing hardships to workers. Construction workers employed by private firms for brief periods in emergency work on cantonments, air bases, or expansion of plant facilities may shift to work in another State before they can acquire sufficient credits under any State law to entitle them to benefits when there is a gap between jobs. Employer reporting burdens and State administrative costs are needlessly increased by differences in the coverage provisions of State laws, the Federal Unemployment Tax Act, and the Federal Insurance Contributions Act. Such differences entail particular difficulties to employers who maintain establishments in more than one State. Maritime workers, civilian workers in the Government services, and workers called to serve in the armed forces of the United States are among those who may need the protection of unemployment insurance when the defense emergency subsidies. The services performed by many such workers are outside the jurisdiction of State laws, and Federal action may be their only source of protection. Although 37 States have recently enacted amendments to preserve, during the period of military service under the Selective Training and Service Act, the credits acquired by workers covered under their laws prior to entry into such service, the legislatures of 7 of the remaining jurisdictions have adjourned without taking similar action and will hold no regular legislative session until 1943. These and other restrictions and limitations of the program subject American workers to conditions which are incompatible with accepted Nation-wide standards of equity and the rights of individuals.

Insurance Coverage

It has been the consistent policy of the Board to encourage the extension of coverage under State laws as rapidly as it becomes administratively feasible to bring additional types of employment under

protection. Even at a time like the present, during the course of a year only about two-thirds of the workers in the labor force of the country have employment covered by the State unemployment compensation laws or by the Federal Railroad Unemployment Insurance Act. About 44 percent of the labor force is in 24 States in which the State law limits protection to workers in firms which have at least 8 employees during a specified number of weeks in the year; Alaska also has this limitation. During the fiscal year, only 11 jurisdictions covered industrial and commercial workers without regard to size of establishment. Size-of-firm restrictions under State laws result in the exclusion from unemployment insurance protection of from 2 to 3 million jobs which are within the coverage of old-age and survivors insurance. The tendency, evident in State legislation in 1939, to include firms with 1 or more workers has not continued, for only 1 State removed size-of-firm restrictions in recent legislative sessions. Furthermore, most States adopted the restrictions incorporated in the Federal Unemployment Tax Act as a part of the Social Security Act Amendments of 1939, by specifically excepting from coverage certain types of employment on the border line between agricultural and commercial enterprise, between private and commercial domestic service, and between services remunerated on a commission and a salary basis. At the same time, however, the amended definition of Federal instrumentalities resulted in the extension of coverage to some enterprises, such as national banks.

Benefit Provisions

Of even greater importance from the national standpoint are State variations in provisions relating to benefit eligibility, disqualification from benefits, waiting periods, and the amount and duration of benefit payments. Many of these differences are created by administrative considerations rather than by the adaptation of the State system to the industrial structure of the State. As a result, the risks of unemployment are not equally covered by all States.

In many States eligibility conditions are such that many workers with meager past earnings cannot qualify for benefits, or qualify for only small weekly amounts and only a few weeks of benefits which may impede receipt of more nearly adequate subsistence payments under other programs for persons in need. In one State, in the half year following the adoption of a new qualifying requirement more than 41 percent of the workers who claimed benefits were declared ineligible. Variations in the disqualification provisions under State laws and in their interpretation may result in loss of varying amounts of wage credits or the disallowance of benefits for longer or shorter

periods in some States, while in other States benefits may be allowed in almost identical situations.

The Board has urged that a single week is a sufficient waiting period in which to establish eligibility and determine benefits. With a 1-week waiting period, with benefits payable at the end of the first compensable week of unemployment, and with some unavoidable administrative lag in certain cases, at least 2 weeks and sometimes more must elapse before an eligible worker receives compensation for his first period of unemployment in a benefit year. For the country as a whole, 8 percent of intrastate payments and 28 percent of interstate payments were not made until more than 2 weeks after the end of the first compensable week of total unemployment. In some States 3 percent of intrastate payments were not made until 6 weeks or more had elapsed, and for interstate benefits delays of this magnitude were reported for 9 and 10 percent of the payments in two States. Although the time lapse for second and subsequent payments was substantially less than for first payments, it was sufficient, particularly in interstate operations, to create hardships for some workers. Many State agencies have been aware of the severity of long waiting periods, and, with the assistance of legislative and administrative consultants of the Board, steps have been taken for widespread reduction in this requirement. Effective after the close of the fiscal year, only 4 States will require a 3-week waiting period, 26 will require 2 weeks, and 21 no more than a single week. During the fiscal year 1940-41, 6 States imposed a waiting period of 3 weeks, 33 required 2 weeks, and only 12 required 1 week.

The intent of most unemployment compensation laws here and in foreign countries is to provide periodic benefits, up to a specified maximum, which will represent approximately half the worker's customary full-time weekly wages. In five jurisdictions, however, weekly benefit amounts are related not to weekly wages but to the claimant's total annual earnings, a formula which fails to relate benefits to usual weekly wages, reflects periods of unemployment as well as employment, and results in very low weekly payments to many individuals. During the fiscal year 1940-41 as much as \$15 a week was paid for only about 29 percent of the weeks of total unemployment compensated under State laws, and in some cases such weekly payments were as low as \$2 and \$3—amounts which involve costs of administration all out of proportion to their significance to the unemployed worker and his family. Under the 51 laws, actual benefit amounts for total unemployment during April-June 1941 were less than \$10 a week for nearly 40 percent of the payments, and in 12 States 75 percent of the payments were for less than \$10. The Board and State

administrators have been aware that weekly benefit amounts far below the level necessary for the maintenance of a reasonable living standard have been paid in many States; 21 States have recently liberalized provisions for weekly benefit rates and maximum duration. Effective after the close of the fiscal year, in only 13 jurisdictions is the minimum weekly payment for total unemployment to be less than \$5; maximum weekly benefits will exceed \$15 under the laws of 19 States and will be as high as \$18 in 9 States and \$20 in 3.

To achieve the purpose of unemployment compensation legislation, benefits should be payable for a time sufficient to tide workers over normal plant lay-offs or other brief involuntary interruptions in unemployment. Only 11 States pay benefits for more than 16 weeks in a benefit year, and most laws relate duration to a worker's previous taxable wages in such fashion that the less his earnings in the base period used in the computation of benefit rights the shorter the duration of payments. The fact that during the fiscal year about half the beneficiaries under State laws exhausted their rights to benefits indicates that the program as a whole is not geared to the pattern of unemployment actually experienced by American workers even in a period of pronounced industrial activity. There were wide differences among individual States in the proportion of cases in which benefit rights were exhausted, with a range from 82 percent to 24 percent.

Chart 22.—*Unemployment compensation: Percentage distribution of weeks of total unemployment compensated, by amount of benefit check, April-June 1941*

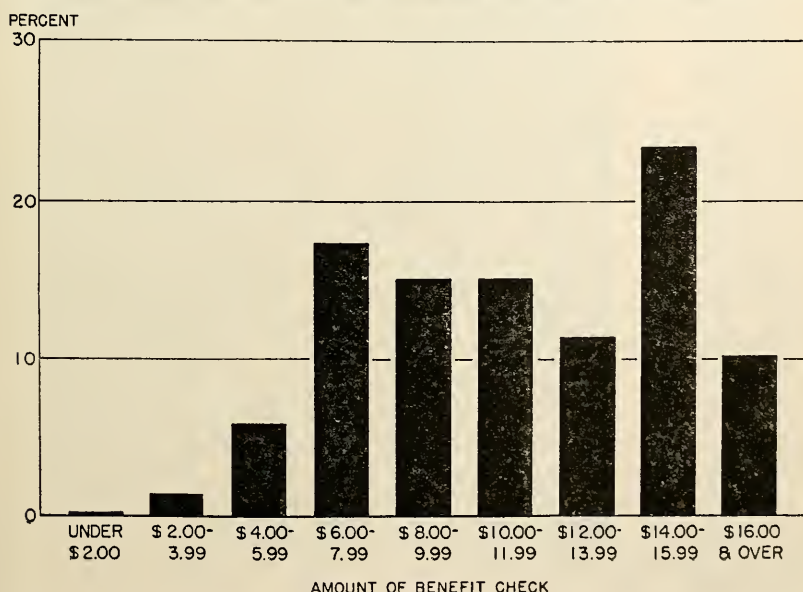
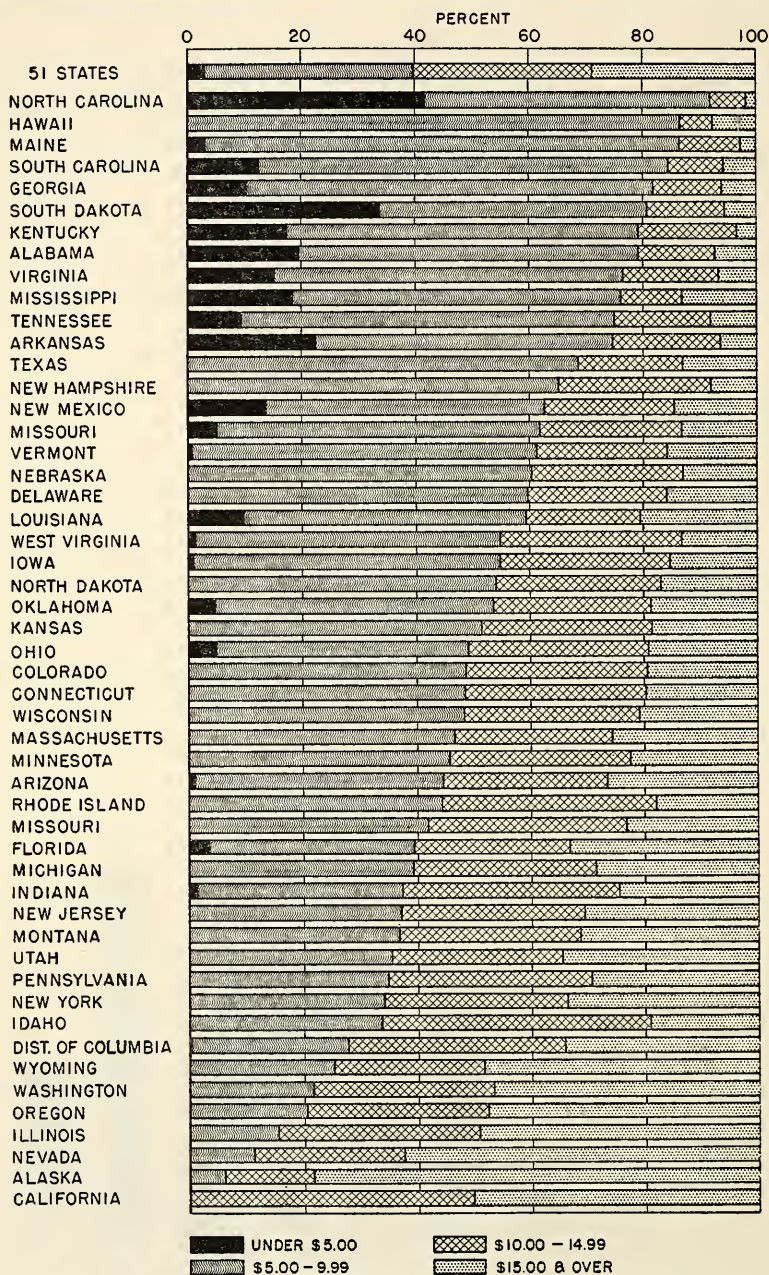


Chart 23.—*Unemployment compensation: Percentage distribution of weeks of total unemployment compensated, by amount of benefit check, 51 States, April-June 1941*¹



¹ See table C-12.

The Board has maintained that the exclusion of underemployed workers from the protection of the unemployment compensation program tends to defeat a basic purpose of the Federal and State legislation. At present, 3 States—New York, Pennsylvania, and Montana, which have 24 percent of the coverage of all 51 systems—make no provision for benefit payments to workers whose earnings are reduced by reason of short-time work.

In several States, moreover, procedures have been inadequate to assure reasonably prompt payment of benefits for partial unemployment. The Board's minimum standards for the payment of such benefits, adopted late in 1937, needed revision in the light of State agency experience. Comprehensive analysis, including field studies in 10 States and interviews with employers, formed the basis for the revised minimum standards issued by the Board in February 1941. The standards were designed primarily to ensure payment of benefits for partial unemployment when due and to prevent illegal payments. They provide for clear distinction between partial unemployment, which refers to the underemployment of persons working less than their normal full-time hours for their regular employers, and part-total unemployment, which represents the underemployment of persons who are not regularly working for a specific employer but obtain odd jobs or other forms of work. They also require adequate informational programs to acquaint workers with their rights, employer participation in the initiation and verification of claims, retroactive filing of claims, and maintenance of records by employers to facilitate administration.

Interstate Benefit Payments

Since many workers become unemployed in States other than those in which they acquire rights to benefits, an interstate benefit-payment plan was formulated and became operative in 1938. This plan provides a method whereby an individual may file a claim at the nearest local employment office against any jurisdiction in which he has accumulated rights to benefits. The State in which the claim is filed merely acts as agent for the State which is liable for making payment; all decisions as to eligibility for, and amount of, benefits are made by the liable State. Largely because of the increase in migration of labor growing out of the defense program, the ratio of the amount paid on interstate claims to total benefit payments increased from 4 percent in July 1940 to almost 6 percent in June 1941, although the actual number of weeks compensated on interstate claims declined from about 190,000 in July 1940 to 154,000 in June 1941. An estimated 205,000 workers received interstate benefit

payments during the year. All 48 States, Alaska, Hawaii, and the District of Columbia participated in the interstate benefit-payment plan throughout the fiscal year. At the request of the Canadian Government, representatives of the Social Security Board conferred with Canadian officials with a view to effecting a basis for avoiding duplication of coverage between the Canadian system of unemployment insurance and that of the States for workers whose employment involves movement across the border, and for the possible extension of the existing interstate benefit-payment plan to the Canadian system.

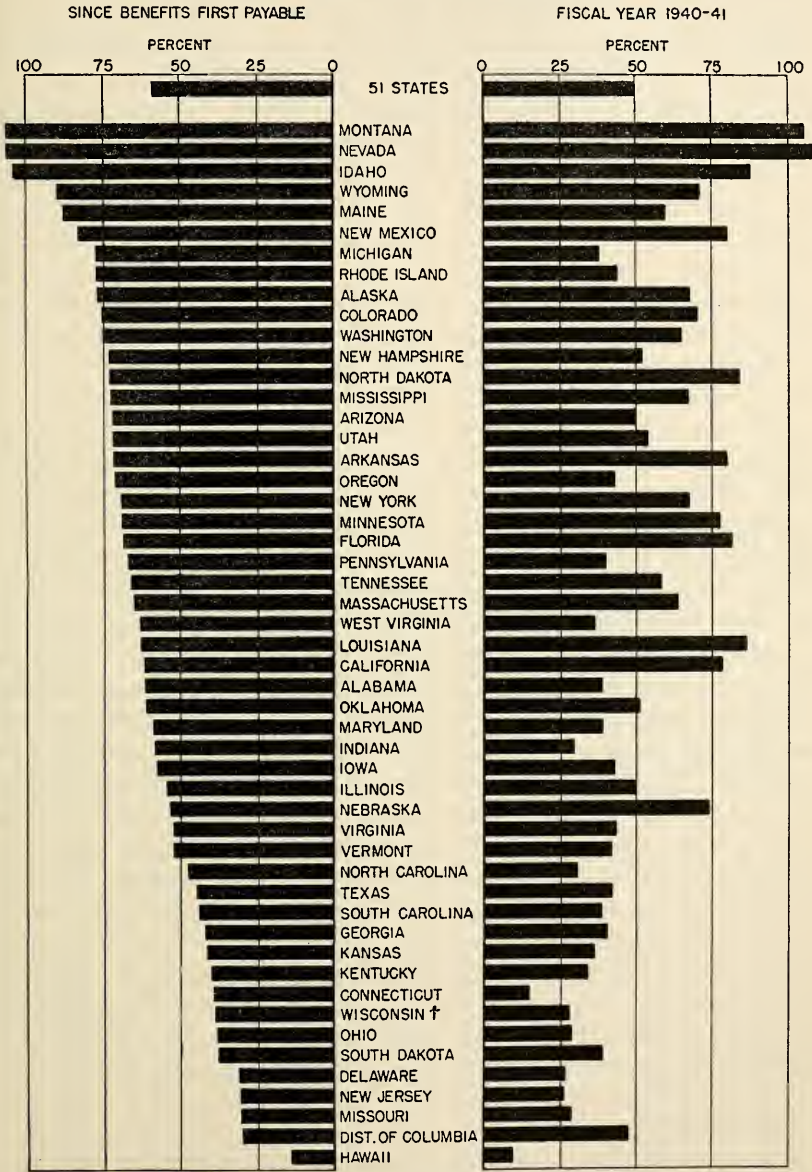
During the fiscal year, procedures for interstate benefit payments which had been adopted previously by all State employment security agencies were revised somewhat on the basis of experience and suggestions made by the States. Most of these revisions were concerned with improving procedures for taking interstate claims by providing the liable State with data sufficient to permit determinations without requesting additional information. Problems have arisen in determining the availability for work of a claimant who has left the State or is in travel status, and the suitability of the work when a claimant who has left the State is offered his old job. There was some tendency among the States to attempt by new legislation or administrative ruling to disqualify, for various periods, claimants who left the State.

The problems of workers who acquire wage credits under the laws of two or more States are being studied by the Board and the Interstate Conference of Employment Security Agencies. Many such workers fail to qualify for benefits under the law of any one State, and many suffer reduction in potential benefit rights because of inability to use wage credits acquired in some State in which they have been employed. State laws show such wide diversity in their provisions for relating benefits to a worker's wages in covered employment that it has thus far been impossible to devise a system which will permit cumulating a worker's wage credits in several States into an aggregate which will entitle him to some usable credits based on covered employment in each State.

Relation of Benefits to Collections

For the United States as a whole, benefit payments during the fiscal year represented 49 cents for each \$1 of collections during the period, ranging from 10 cents in one State to \$1.07 in the State with the highest ratio. Similar figures for the preceding fiscal year were an average of 57 cents in benefits for each \$1 collected in all juris-

Chart 24.—Unemployment compensation: Benefits paid as percent of collections, fiscal year 1940-41 and since benefits first payable, 51 States¹



¹ See also table C-13. Date at which benefits first payable varies among States.

†Ratio since benefits first payable based on collections and benefits paid beginning Jan. 1, 1938, since data for earlier period not comparable with initial period of benefit payments in other States.

dictions, ranging from 19 cents to \$1.16 for the States with lowest and highest ratios. During the fiscal year, benefits represented less than one-fourth of collections in Connecticut and Hawaii; in 7 other States—Delaware, Indiana, Missouri, New Jersey, North Carolina, Ohio, and Wisconsin—these payments were less than one-third of collections; and in 15 States—Alaska, Arkansas, California, Colorado, Florida, Idaho, Louisiana, Minnesota, Montana, Nebraska, Nevada, New Mexico, New York, North Dakota, and Wyoming—the amount expended for benefits was more than two-thirds of the amount collected. Benefits exceeded contributions during the year in Montana and Nevada. In these 2 States and Idaho, total collections since benefits were first payable have been insufficient to meet the obligations incurred for benefit payments, and initial reserves, accumulated before benefits could be paid under the State laws, have been drawn upon to finance these obligations.

The Board believes that liberalization of benefit provisions with respect to the weekly amounts and duration of benefits is a first essential in strengthening the unemployment compensation program. Until all States meet the benefit scales of the few more progressive jurisdictions and pay benefits sufficient in amount and duration to tide the majority of covered workers over spells of involuntary unemployment in relatively prosperous periods, the system as a whole will not adequately fulfill the intent of Federal or State laws. The reserves accumulated by many States indicate that such liberalization is feasible, but it is also clear that some States cannot finance an adequate program without assistance in meeting the costs of benefit payments. Some modification of the existing program is needed to equalize State burdens if benefit standards are to be more nearly adequate throughout the country even in periods of accelerated employment. Moreover, it must be recognized that the growing unemployment trust fund represents future obligations to millions of workers who have entered covered employment under the defense program and reflects a great increase in the volume of wages in covered employment and hence in potential benefit rights. The termination of emergency defense activities may result in unemployment more disrupting than that of the early 1930's unless the unemployment compensation program can help to bridge the transition to peacetime operations.

Experience Rating

Under the present system of financing unemployment benefits, a Federal tax of 3 percent is levied on the pay rolls of employers and a credit up to 90 percent of this Federal tax is allowed employers for contributions paid under a State unemployment compensation law.

This provision normally results in a 2.7-percent pay-roll tax under the State systems, a rate which was considered sufficient to finance limited benefit payments. In addition, the Federal act contains special provisions for an additional credit allowance under which employers may receive the full 90-percent credit against the Federal tax even though their contribution rates under the State systems are less than the normal 2.7 percent, provided the State law is certified by the Board as permitting such lower rates only in accordance with certain conditions set forth in section 1602 of the Internal Revenue Code and intended to reflect an employer's achievement in stabilizing employment. This section has come to be known as the experience-rating provisions.

Because of the lack of adequate data, the benefit structures originally adopted by State legislatures were markedly conservative, with the result that some States have built up large reserves under the 2.7-percent contribution rate. Instead of serving as justification for more liberal benefit provisions, the existence of such reserves has given rise to pressure for including or amending experience-rating provisions in State laws which permit employers to pay contributions to the State fund at substantially reduced rates. As of the end of the fiscal year, all but 13 States had provisions for use or specific study of experience-rating provisions. During the year, existing experience-rating provisions were repealed by 3 State legislatures and adopted for the first time by 1; the effective date for the operation of these provisions was postponed in 3 States and advanced in 1 State. Wide variations in the rate reduction allowed under State experience-rating systems tend to introduce disparities in tax levies on employers in different States which the original Federal act was intended to prevent.

For the calendar year 1940, reduced rates of contributions under experience-rating provisions of State laws were effective in four States—Indiana, Nebraska, South Dakota, and Wisconsin. All these laws were certified to the Secretary of the Treasury at the close of December 1940 as having allowed reduced rates in accordance with the conditions for additional credit allowance. In accordance with section 1602 (b) (3) of the Internal Revenue Code, the unemployment compensation laws of these and additional States were submitted to the Board and certified to the State agencies as permitting reduced rates only in accordance with the requirements of the Federal statute, thus giving the States assurance of the compliance of their experience-rating provisions with the applicable Federal requirements in advance of the allowance of reduced rates of contributions under such experience-rating provisions for 1941.

Federal requirements affecting experience-rating provisions in States having pooled funds were interpreted and explained in standards issued by the Board in July 1940. The Board declared that State statutory provisions for reduced rates of contributions must afford reasonable assurance that the benefits provided in the State law can be financed over a reasonable period of time and that any experience-rating plan must be designed, through variation of rates, to promote stability of employment and/or a fair allocation of the cost of unemployment compensation. Also, since unemployment compensation legislation insures workers against the risks of unemployment, the employer's experience with respect to these hazards can be measured only by the unemployment of workers who are or have been employed by him.

Administrative Costs

Costs of administering State unemployment compensation programs are met from grants to States under title III of the Social Security Act. A large part of such costs is incurred in connection with the maintenance of State and local employment offices, where claims for benefits are filed and information is obtained to determine benefit rights and verify the claimant's continuing eligibility. Other activities of the employment offices are financed in part from Federal funds certified by the Social Security Board under the provisions of the Wagner-Peyser Act. The dual system of Federal participation in what is essentially a Nation-wide chain of State and local offices concerned with placements requires unnecessary distinctions in accounting for services and functions performed pursuant to each of the two Federal statutes. It is believed that appropriate changes should be made to eliminate the need for dual arrangements.

Relation to Other Programs

Integration of the unemployment compensation program as a whole with other Federal measures for economic and social security requires consideration by the Board of many areas of contact of State programs with other programs under the Social Security Act, with those administered by the Railroad Retirement Board, with Federal work projects, and with other Federal activities.

Old-age and survivors insurance.—Considerable attention was given during the year to various possible methods of coordinating employer wage reporting under the old-age and survivors insurance and unemployment compensation programs. Studies have been made of the possibility of enabling employers to prepare quarterly wage reports for

State unemployment compensation purposes as carbon copies of the quarterly tax returns filed under the Federal Insurance Contributions Act. The possibility of using a single wage report and a single record-keeping agency for both the old-age and survivors insurance and unemployment compensation programs has been investigated. Variations among State and Federal laws, however, create many impediments to coordinated wage reporting. Significant differences in legislation have been analyzed to determine the nature and extent of changes in Federal and State laws which would be necessary to coordination of these two insurance programs. It is apparent that one important step toward coordination could be effected if coverage, employment, and wage definitions of the Federal Unemployment Tax Act were identical with those of the Federal Insurance Contributions Act.

Railroad unemployment insurance.—Questions of coverage as between the Railroad Unemployment Insurance Act and State unemployment compensation laws have continued to need attention. To protect both claimants and unemployment insurance funds, several of these questions have been solved temporarily by reimbursement arrangements between the States concerned and the Railroad Retirement Board. Legislation may be required, however, to clarify the coverage of the Railroad Unemployment Insurance Act in border-line cases.

Before the close of the fiscal year the Social Security Board had determined all amounts to be transferred from State accounts in the unemployment trust fund to the railroad unemployment insurance account in accordance with the provisions of the Railroad Unemployment Insurance Act. The transfers, which amounted to a total of \$105.9 million by the end of the fiscal year, were completed for all but one State, for which only a partial transfer could be made because the State supreme court held unconstitutional legislation which authorized the transfer of amounts based on employee contributions.

Work Projects Administration.—Most of the difficulties which have arisen in connection with furnishing information concerning the benefit rights of applicants for WPA employment have been resolved. Complete answers have not yet been found for two problems: an individual's deferment for WPA employment because of his eligibility for very small benefit amounts, and the question whether an individual is eligible for waiting-period credit while he is engaged in work-project employment. The former problem was met in some measure by the gradual adoption by the States of legislation providing for minimum weekly benefit amounts, and by the action of the WPA in permitting, on a State-by-State basis, applicants eligible for benefits of less than a

stipulated amount to receive work-project employment, if otherwise eligible, in weeks for which they are not receiving such benefits. In view of the small amounts of the minimum benefits in many States and the small benefit amounts stipulated by the WPA, hardships continue to arise and indicate the need for further consideration of the relationships of these two programs.

National Youth Administration.—The NYA work-experience program calls for full-time employment of students for approximately half of each month. Questions have arisen concerning the eligibility of such students for unemployment benefits under State laws during the half-month period in which they perform no services for remuneration by the NYA. Many students who wish to enroll in these courses are unable to forego, in return for the small income received from such work projects, the unemployment benefits to which they are entitled from previous employment covered by State laws. At the request of the NYA, the Social Security Board advised the States that, in its opinion, "services performed by individuals on NYA projects and the remuneration therefor should be construed to constitute 'services' and 'wages' within the meaning of these terms . . . as they are commonly found in State unemployment compensation laws," and that "NYA earnings represent earnings with respect to the week (or other claim period) in which the services are actually performed and are therefore allocable to such weeks." In States adopting this opinion, students aided under the NYA program would be entitled, if eligible in other respects, to unemployment benefits for weeks in which they performed no services and with respect to which no remuneration was payable.

Military and naval services.—Efforts to protect the benefit rights of covered workers called to the armed forces entailed the need to identify and preserve the wage and employment records which serve as evidence of the rights of such workers. To assist States in this connection the Board developed, in cooperation with officials of the Selective Service System, the War and Navy Departments, and the Coast Guard, a plan for distributing special identification cards to all posts, camps, ships, and stations of the Army, Navy, and Coast Guard. Persons who had previously worked in covered employment were asked to note information concerning that employment and to return the record to the Board for transmittal to the appropriate State employment security agency as a notification that the worker's wage record should be preserved. During the last quarter of the fiscal year more than a million cards were thus distributed, and arrangements were made for distribution to new entrants into the armed forces.

Evaluation and Planning

Appraisal of the efficiency of operations and adequacy of provisions for the employment security program requires review of all amendments to State laws, collection of data from all States on month-to-month developments, intensive surveys of conditions in some localities, and long-range studies of factors in the legislative and administrative framework of State systems and the setting in which they operate. Research and analysis, based on local surveys and periodic and special reports from State agencies, guide the Board's general recommendations concerning the program as well as the specific administrative procedures required to assure State conformity with provisions of the Federal legislation and the content and form of recommendations to States which request assistance in meeting many of the problems described in earlier pages. The results of special analyses and compilation of periodic data for all States and regions provide a current, composite picture of trends in applications for work, placements, claims for benefits, benefit payments, the interpretation of State laws, and financial developments. Only through the collection of information from all parts of the country, analysis of the significance and implications of prevalent and isolated phenomena, and consideration of developments in the light of various aspects of these and related programs can the Board fulfill its statutory responsibilities.

Studies made by the Board during the fiscal year have included examination of the effect of the defense program upon various industries and States, the extent to which present provisions of State laws bar workers from benefits or result in inadequate benefits, the trends in rulings on appealed claims for benefits, the results of provisions permitting reduced rates of contributions for certain employers, and operating difficulties and costs. Relationships to other Federal and State programs, such as old-age and survivors insurance, the insurance programs for railroad workers, workmen's compensation, public assistance, general relief, and Federal work programs, and the problems of workers unemployed by reason of temporary or permanent disability have been considered from the standpoint of gaps in protection and the economic security of the family and community. Many areas which reveal inequities can be improved through State action or administrative rulings; other changes, of wider import, require consideration by the Congress.

Monthly, quarterly, semiannual, and annual summaries of operating data and analyses of special aspects of operations under State employ-

ment security programs are made available regularly to Federal and State administrative personnel, and by sale to interested members of the general public, through the Employment Security Review, the Social Security Bulletin, and its annual supplement, the Social Security Yearbook. These publications, with periodic releases and technical memoranda on legislative and other special phases of the program, provide data essential for evaluating developments in the States, for estimating the relationship of the Federal-State program to other social security measures, and for analyzing the implications of trends. To afford similar information on State practices in deciding appealed claims for unemployment benefits, the Board also issues and publishes monthly the Benefit Series of the Interpretation Service, an indexed compilation of selected State benefit and court decisions, opinions of attorneys general, and interpretations rendered under State unemployment compensation laws. On request of State agencies, assistance is also provided in the form of copies of syllabi and aid to the agencies in indexing their own State decisions. These vehicles for acquainting State and Federal agencies with significant data on the program in all States and Territories afford information applicable to immediate administrative problems and to long-range planning.

Employment Services

Activities previously established to obtain and analyze information concerning the labor market, job specifications, and individual aptitudes have furnished the basis on which the Board was able this year to meet urgent demands created by the defense program. At the request of State agencies and various defense organizations, intensive surveys of labor-market conditions were made in more than 175 localities, including nearly all large cities. Reports based on these surveys, undertaken in collaboration with the Bureau of Labor Statistics of the Department of Labor, include summaries of employment trends, employers' hiring practices and specifications, wage rates, labor relations, the volume and character of migration, and problems anticipated in connection with housing and educational facilities. Continuing analyses of the supply of and demand for labor and other labor-market developments formed a comprehensive background for consideration of special problems arising in connection with the defense program and for the extension of surveys, reporting, and other activities to meet these needs.

The annual inventory of registrants in the active file of public employment offices likewise provided a foundation for special reporting activities geared to the defense program. As in the past, this in-

ventory furnished a significant measure of the impact of unemployment in terms of the age groups, skills, and industrial experience of the men and women who as of a given point of time had been unable to find jobs. The particular value of such information in revealing the types and locations of available workers in this fiscal year and the additional types of regular reporting instituted to show the supply of workers in certain defense occupations have been described.

Effective placement service requires full knowledge of the mental and physical aptitudes of applicants for work and the specific abilities needed in the jobs to which they are referred. Ground work was laid in prior years for prompt response to emergency demands in this field of placement work through the compilation of a dictionary of 17,000 occupational titles to aid in comprehensive analysis of the various processes involved in nearly all skilled and semiskilled mechanical operations. Detailed information on job specifications for many types of industrial activity and data on the construction and use of tests to measure individual proficiency in many kinds of work processes, accumulated by the Board and made available to State agencies, are providing an increasingly comprehensive basis for improvement of techniques for classifying and placing workers and for devising methods of translating skills and experience for which there is little or no immediate demand into ability to perform new tasks.

Insurance Provisions

The social value of the unemployment insurance program can be determined only by constant appraisal of its relation to individual workers, to industries and communities, and to the national economy. Compilation and analysis of data on employment and wages covered by the State unemployment compensation laws and on industrial characteristics of States and regions give important clues to the extent of protection afforded and the needs still to be met. An extensive analysis of employment and wages in 1939 was initiated and will be issued in the latter part of 1941. This monograph, the second of its kind in the field of unemployment compensation, represents a comprehensive series of data on employment and wages in the United States. These data have been used in the States as the basis for indexes of business activity, and also in connection with problems arising from the labor needs of defense employers. Their primary use, however, has been in connection with the relation of benefits and contributions to wages by industry, seasonality studies, and other important areas in the field of unemployment compensation.

Investigation has been made of the effect of State provisions on the amount and duration of benefit payments for workers of

different wage levels, and of the extent to which benefit rights are exhausted before the beneficiary is again employed. In several counties, the adequacy of benefit payments and the relation of such benefits to payments under relief programs have been analyzed. Detailed studies have also been completed, and others are in progress, to determine the effect of experience-rating provisions in relation to size of employer pay rolls and industry, to benefit payments, and to the financial structure of State programs. Studies of interstate migration and shifts between covered and noncovered employment indicate gaps in present protection among workers for whom the protection is designed. For studies relating to all these and other topics the staff of the Board furnishes technical assistance to States which request it in analyzing their particular situations and problems, and acts as a clearing house in bringing to the attention of all States the results of experience which bears on particular or general problems and methods of meeting them.

Future Developments

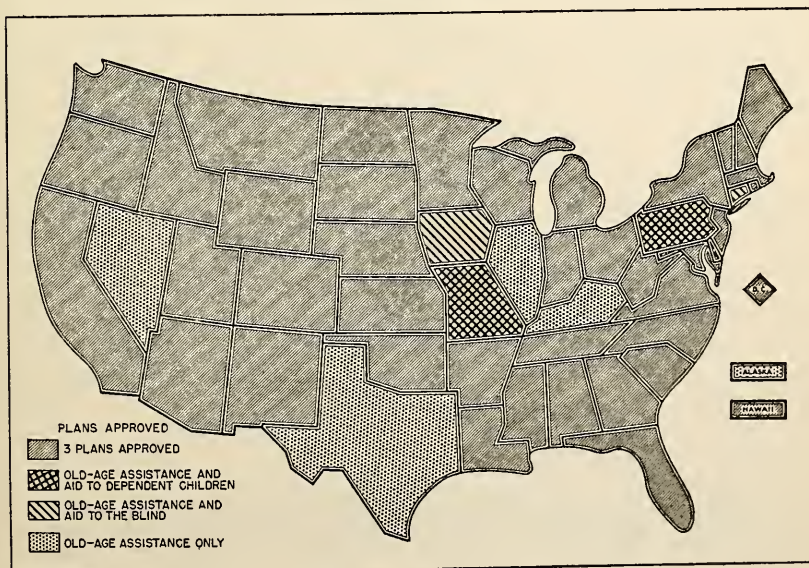
Further steps, legislative as well as administrative, are needed to provide integrated placement services and unemployment insurance protection for a larger proportion of the gainful workers of the Nation. Present protection is limited unduly by restrictions in the coverage of State laws and the loss of benefit rights when workers shift between covered and noncovered employment or from one State to another. To fulfill the purpose of Federal and State statutes, it becomes increasingly apparent that more nearly uniform and more extensive coverage should be provided to the end that all persons whose livelihood depends upon the sale of their services in the labor market may acquire credits toward benefits in periods of involuntary unemployment. Moreover, the adequacy of benefits must be assured if the unemployment compensation program is to fulfill its function. There is need for greater uniformity in benefit standards and for improvement of the standards in effect in most States. Disqualification provisions, which also vary among the States, are growing increasingly severe with respect both to the reasons for and the duration of disqualification, including the cancelation of wage credits. Finally, the differing experience of the States in financing their unemployment compensation programs and the even greater diversity to be anticipated in the coming year with wider use of experience-rating measures indicate the need for a comprehensive examination of the program as a whole in the interest of more nearly equitable protection of workers and more nearly equitable competition among employers throughout the country within a framework which assures the solvency of all State systems.

· IV ·

Public Assistance

THE FEDERAL-STATE public assistance programs administered under the Social Security Act were characterized in the fiscal year 1940-41 by increasing stabilization in size and scope and by qualitative improvement in administration. Building upon the basic structure developed in earlier years, the States and the Social Security Board were able to lay increasing emphasis upon revaluation of the operation of the programs and improvement of administrative standards, policies, and practices. Opportunities and requirements resulting from the 1939 amendments to the Social Security Act received major attention. In these and other areas there was considerable legislative activity. There was a continued increase in the volume of assistance, doubtless due in part to the amended provisions for greater Federal participation in the public assistance programs. Because of the general improvement in employment conditions, which resulted in curtailment of expenditures under general relief programs and Federal work programs, assistance to the needy aged, dependent children, and the needy blind

Chart 25.—*Public assistance: States with plans approved by the Social Security Board, as of June 30, 1941*



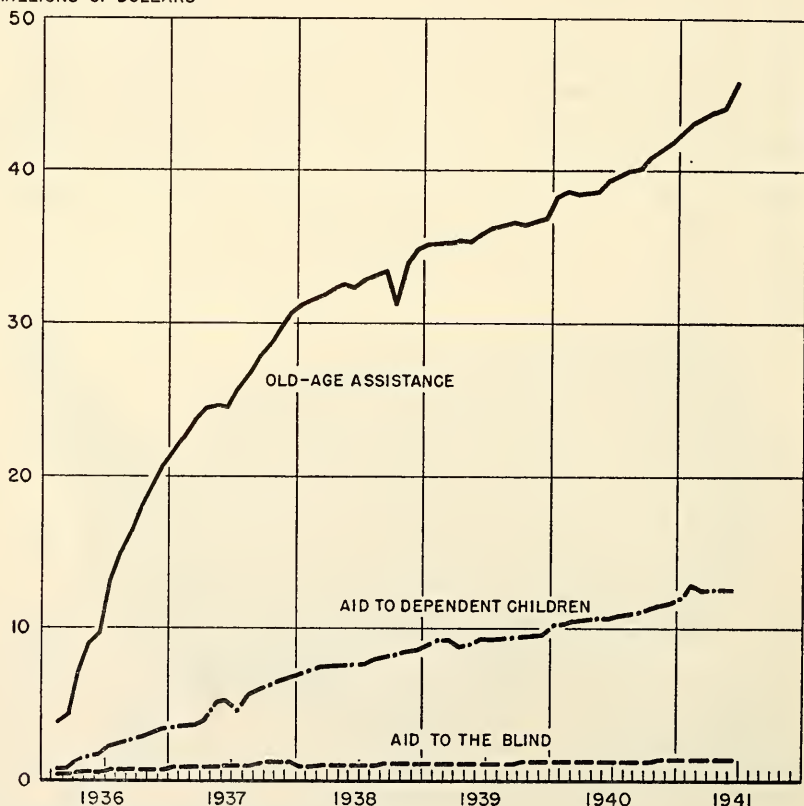
constituted a substantially increasing proportion of the total provided under all public programs for persons in need.

Scope of the Program

Responsibilities of the Social Security Board in the field of public assistance include the approval of State plans as meeting the requirements of the Social Security Act for matching Federal grants to the States, and review of the operation of the State programs to assure conformity with Federal requirements and with the State plan; certification of Federal funds to the States for payments to recipients and for costs of administering the State programs; and provision of many types of services to State agencies to assist them in making the most

Chart 26.—*Public assistance: Payments to recipients of special types of public assistance under State plans approved by the Social Security Board, February 1936–June 1941*¹

MILLIONS OF DOLLARS



¹ For data by State, fiscal year 1940-41, see table D-1.

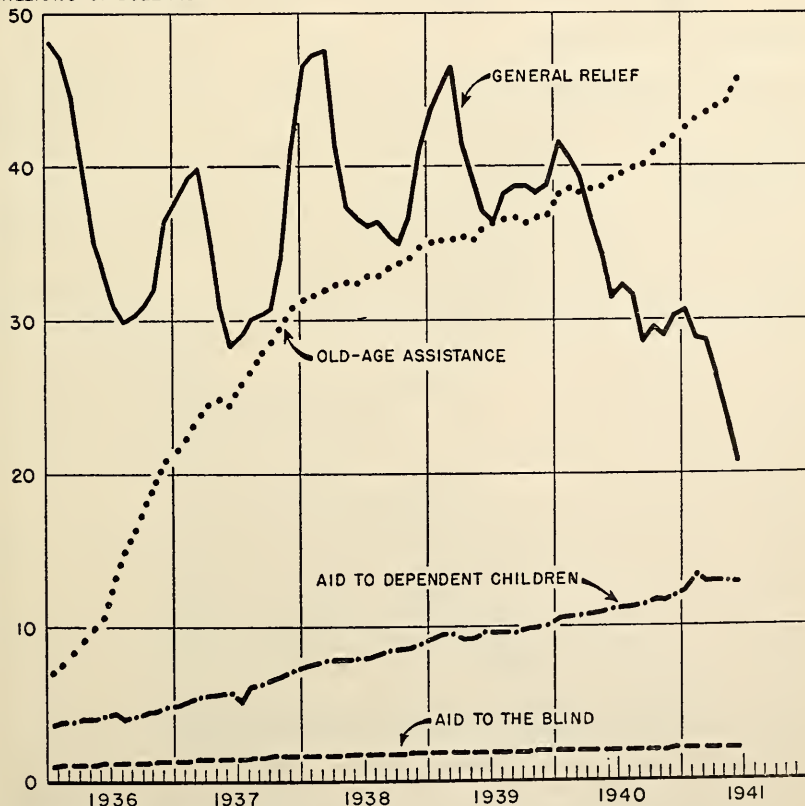
effective use of all resources available for the special types of assistance. Responsibility for these functions is delegated largely to the Bureau of Public Assistance, which works in collaboration with the Office of the General Counsel of the Federal Security Agency and with bureaus and offices of the Board responsible for centralized functions in research and statistics, public information, personnel standards, and accounts and audits.

Payments and Recipients

During the fiscal year, expenditures for payments to all recipients of the special types of public assistance in the continental United States, Alaska, and Hawaii amounted to \$673.3 million; of this total, \$660.4 million was expended under the State plans approved by

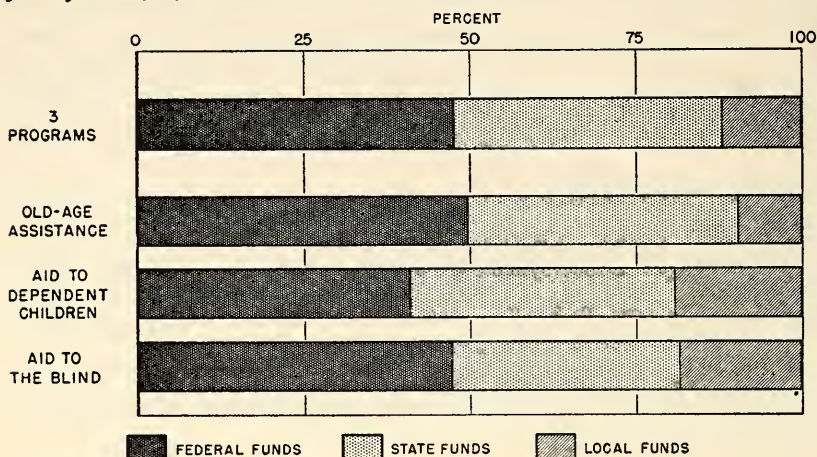
Chart 27.—Public assistance: Payments to recipients of special types of public assistance and general relief in the continental United States, January 1936–June 1941¹

MILLIONS OF DOLLARS



¹ For data by State, fiscal year 1940-41, see table D-1.

Chart 28.—*Public assistance: Percentage distribution of expenditures for payments to recipients under State plans approved by the Social Security Board, by source of funds, fiscal year 1940-41¹*



¹ See tables D-7, D-8, and D-9.

the Social Security Board and \$12.9 million under programs administered without Federal participation. Costs of administering approved plans at the State and local levels totaled approximately \$43.2 million.

Expenditures under the Social Security Act.—Throughout the year all 48 States, Alaska, Hawaii, and the District of Columbia were administering old-age assistance under plans approved by the Social Security Board. Federal funds were likewise administered under approved plans for aid to dependent children in 44 jurisdictions, of which 2—Mississippi and South Dakota—instituted programs under the act during the year. In this fiscal year, as in the year preceding, 43 jurisdictions were administering Federal funds under approved plans for aid to the blind.

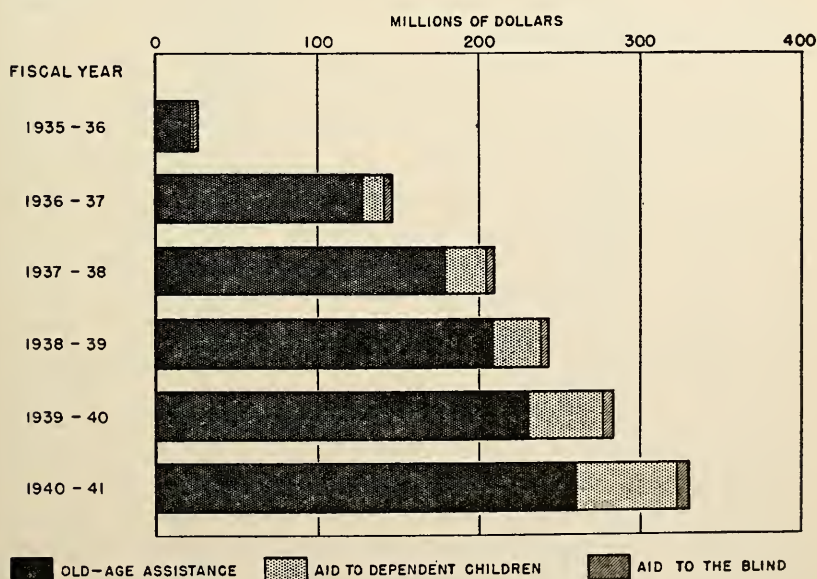
Of the total amount expended for payments to recipients under approved State plans, \$315.3 million represented Federal funds, while \$265.8 million and \$79.3 million, respectively, represented State funds and funds provided by the localities. As will be seen from chart 28, there was considerable difference in the extent of Federal participation in the three programs. This difference is probably due in considerable measure to the fact that the limits within which matching Federal funds may be used in monthly payments for aid to dependent children are relatively lower than those for the other two programs; as a group, therefore, the States finance a relatively higher proportion of aid to dependent children from State funds or State and local funds.

The Social Security Board certified Federal grants totaling \$329.9 million for operation of State programs during the fiscal year. For old-age assistance \$259.9 million was certified, representing Federal grants to help meet the costs of payments to recipients and costs of administration of the approved plans in operation in all States. Grants certified for assistance and administration amounted to \$63.0 million for aid to dependent children, and to \$7.1 million for aid to the blind.

Total expenditures from Federal, State, and local funds for payments to recipients under approved State plans exceeded by \$78.7 million, or 13.5 percent, the expenditures in the preceding fiscal year. The total amount of Federal funds expended for these payments was greater by \$48.6 million, or 18.2 percent, than in 1939-40.

Recipients of public assistance.—There was an increase during the year in the extent to which assistance was made available to the needy aged, needy blind persons, and dependent children. In June 1941 there were 2,169,942 recipients of old-age assistance. In States with approved plans, aid was provided for 916,742 dependent children in 379,594 families and for 49,817 recipients of aid to the blind. As compared with June 1940, the number of aged recipients increased

Chart 29.—*Public assistance: Federal grants for assistance payments and administration to States with plans approved by the Social Security Board, by fiscal year, 1935-36—1940-41*¹



¹ For fiscal year 1940-41, see table A-4.

10.1 percent; the number of children aided increased 14.3 percent and the number of families by almost the same proportion; and there was a rise of 4.8 percent in the number of recipients of aid to the blind. In addition, about 29,300 children and 24,300 blind persons received assistance in June 1941 in States which do not have approved plans for aid to dependent children and aid to the blind. The count of recipients given above understates the number of persons who are aided by the programs because the number of recipients of old-age assistance and aid to the blind and of families receiving aid to dependent children represents only the number of formally approved applications for assistance and the resulting number of monthly payments. In some instances, however, the needs of other members of the household whose presence is essential to the welfare of the recipient have been considered in determining the amount of the assistance payment.

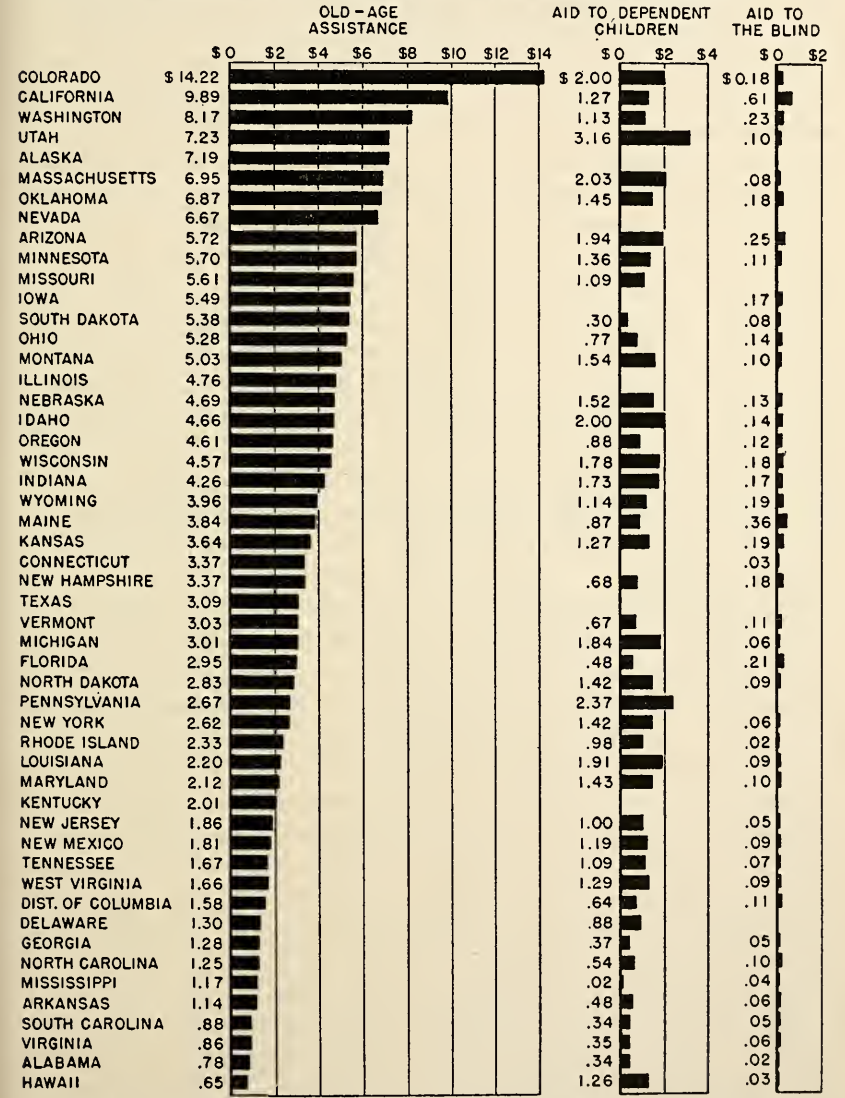
Average payments.—The average old-age assistance payment for June 1941 was \$21.08; for all jurisdictions participating under the Social Security Act the average for aid to dependent children was \$13.67 per child aided or \$33.01 per family, and for aid to the blind the average was \$23.67. Within these figures there is a wide range in the State averages, and within the States there are wide variations in the amount of individual payments. The prevailing level of payments within a State is determined by such factors as the extent and nature of the need for a given type of assistance and the resources available to meet that need, costs and standards of living, and administrative policies and practices.

Per-inhabitant expenditures.—In the past fiscal year, as in the years preceding, there was a significant disparity in the amounts of assistance available to needy aged persons, children, and the blind in different parts of the country (chart 30). Expenditures per inhabitant for the three special types of public assistance combined ranged in 1940–41 from \$16.40 in Colorado to \$1.14 in Alabama. There were also variations too wide to be explained by differences in need or similar factors in the relative per-inhabitant expenditures within a State for each of the programs. The past year's experience has further confirmed and strengthened the concern which the Board has expressed on previous occasions for more nearly equitable treatment throughout the country of needy persons in substantially similar circumstances who are being assisted in part through Federal funds. The most important single factor behind the present discrepancies is the differing capacity of the States themselves to provide, at an adequate level, the State and local funds to which the Federal grant must be proportioned. The Board is also concerned that, within the limit of the total resources available to a State, due heed is given to the needs

of each of the groups aided under these and other programs for needy persons and to the basic social services for the people of the States as a whole.

Relation to other programs.—In contrast to the rise in assistance to the needy aged, needy blind, and dependent children, there was a

Chart 30.—Public assistance: Amount per inhabitant for payments to recipients under State plans approved by the Social Security Board, fiscal year 1940-41¹



¹ See also table D-1. Total population as of Apr. 1, 1940, from the U. S. Bureau of the Census.

marked decline in the total expended during the fiscal year under all public programs for persons in need. In each month of the year there was a decrease, as compared with the same month a year earlier, in the total for public expenditures under all major programs, including the special types of public assistance, general relief, subsistence payments by the Farm Security Administration, the Civilian Conservation Corps, National Youth Administration, Work Projects Administration, and other Federal agency projects financed from emergency funds (chart 1). There was a similar decline in the estimated total number of different households and persons in receipt of assistance and/or work-program earnings. In June 1941 total expenditures for assistance and earnings under these programs were \$189.4 million, as compared with \$219.0 million a year earlier. It is estimated that some 4.7 million different households containing 12.4 million persons were in receipt of assistance and/or work-program earnings in June 1941, a decrease of 700,000 households and 2.7 million persons from the corresponding estimates for June 1940. The decline in these totals may reflect, in part, improvement in economic conditions and the higher levels of employment in some areas occasioned by the defense program. The upswing in employment, however, could be expected to have only a limited effect upon the circumstances of persons who receive assistance under the Social Security Act, since the aged, children, and the blind are largely or wholly outside the labor market. Dislocations and changes resulting from the defense program, among them the current rise in costs of living, are likely to accentuate certain needs for assistance.

While the impetus afforded by the Social Security Act and the Federal funds made available under its provisions have greatly broadened the assistance available to needy aged persons, children, and the blind, these programs still fail to meet the needs of the groups for whom they are intended. Not all States are yet availing themselves of Federal funds for dependent children or the blind. In some States with approved public assistance plans there are long waiting lists of applicants, the majority of whom are believed to be eligible but for whom aid is not provided, chiefly because sufficient State and local funds have not been made available. In many instances the payments to individual recipients, with such resources as they themselves may have, are insufficient to provide a standard of living compatible with the objectives of the Federal and State legislation. In time, it may be expected, development of Federal old-age and survivors insurance will lessen considerably the need for public assistance among aged workers and their dependents and among the families of deceased wage earners; at present this provision has been in operation for too

short a time to have had an appreciable effect upon the public assistance program.

Effect of 1939 Amendments

The fiscal year has afforded the first substantial experience in operation of the amended provisions of the Social Security Act which, beginning with January 1940, somewhat liberalized Federal financial participation in the public assistance programs. For aid to dependent children, the basis of Federal matching was increased from one-third to one-half the total amount provided by the State, or the State and its localities, for operation of an approved plan, and authority was given for the use of Federal funds in payments for children up to the age of 18 years, instead of 16 years, if they attend school regularly. For old-age assistance and aid to the blind, Federal funds may be used to pay one-half the cost of assistance payments up to a monthly payment of \$40 instead of \$30 as formerly. For aid to the blind and aid to dependent children, authority was granted to use Federal funds to pay half the necessary costs of administering the program; for old-age assistance, as previously, an additional 5 percent of the amount granted for assistance payments is provided for use toward administrative costs, for assistance payments, or for both purposes.

While it is difficult to evaluate all factors that have been responsible for changes in State practices, there is evidence that a considerable rise in total payments to recipients has resulted from the higher matching ratio or maximum monthly amounts established under the new provisions. Some States were not able to take immediate advantage of these provisions because their laws limited the amount of the monthly payment to a recipient or limited the maximum age for aid to dependent children. Other States lacked funds, pending new appropriations, to avail themselves of additional Federal funds. State legislative sessions during the past fiscal year have made possible, in some instances, increased future participation. Operations under the new provisions have demonstrated once more the anomaly inherent in uniform matching Federal grants. Wide diversity among the States in average payments has persisted. States in which assistance programs were inadequate because State resources were low in relation to the needs to be met have continued to find themselves unable to provide amounts which would entitle them to Federal grants proportionate to those available to the richer States. Elsewhere in this report the Board has renewed its recommendation for special Federal aid to enable the States with small resources to finance more nearly adequate assistance programs than they can now afford.

Basing the Federal grant for administration of aid to the blind on half the proper and necessary costs, rather than on a fixed percentage of the amount of the grant for assistance payments, makes it possible to adjust the Federal grant to the many different factors affecting costs in the several States. It is believed that this change, effected by the 1939 amendments for aid to the blind, should be extended to Federal grants for the administration of the old-age assistance program.

Major attention of the States and the Board was given also to measures to implement two further amendments to the Social Security Act which became effective July 1, 1941. These measures require that State plans provide, as a condition of approval by the Board, for safeguarding information concerning applicants and recipients and for considering, in determining need, all income and resources of the applicant or recipient. Policies proposed by the Board and measures adopted by the States are reported subsequently in this chapter.

Administrative Organization and General Policies

The Board maintains advisory services to State agencies through its regional representatives. Through these representatives it also makes available the services of consultants in such major fields of administration as personnel standards, staff development, legislation, accounting and auditing, public information, statistical reporting, and research, as well as on such technical subjects as medical care and determination of need. Such services make it possible to acquaint a State with methods that have been found effective elsewhere and serve also to keep the Board in close touch with aspects of the program which reflect and determine Federal policies and procedures.

Developments during the fiscal year in the administrative organization of State public assistance programs and in general administrative policies related largely to the Federal amendments effective before or at the end of the fiscal year. In these and other connections questions arose concerning the relative authority of the State agency and the local agencies. Continued consideration was given to the integration of assistance programs and the interrelationships of the various programs maintained in a State for persons in need. Continued attention also was given to services, such as medical care, needed by recipients, and to methods under which standards for such services and for other aspects of the programs may be established and maintained.

Administrative Organization

The Social Security Act requires as a condition of Federal approval that each State public assistance plan shall be in effect in all subdivi-

sions of the State, and shall provide for either the establishment or designation of a single State agency to administer or to supervise administration of the plan. The Board and many States have been of the opinion that economy and efficiency in operation are promoted by a further integration whereby one State agency is responsible for activities relating to the special types of public assistance and also, in some instances, to general assistance and other programs for persons in need. In 37 States, supervision of all three public assistance programs is now delegated to a single State agency. There has been marked progress during the past year in bringing together in one administrative setting all programs on the Federal and State levels which affect individuals in a locality.

Litigation has arisen in several States on the limits of the authority of public assistance agencies. Decisions generally have sustained the rulings of public welfare agencies, holding that they were neither arbitrary nor unreasonable and therefore not subject to judicial corrective action. It was held, moreover, in *Oklahoma Public Welfare Commission v. State ex rel. Thompson* (187 Okl. 654, 105 P. (2d) 547) that all administrative remedies must be exhausted before the claimant has recourse to the courts. Of special interest is the decision in *Fairall v. Redmon* (110 P. (2d) 247, Colo. 1941) in which the court held that the State agency had implied authority to prorate payments on the basis of available funds even if the constitution of the State provides for larger specified payments.

Integration of Programs

At the Federal level considerable attention has been given, as reported in chapter II of this report, to joint consideration of policies and to the services which public welfare agencies may render in the disposition of certain types of claims, especially those relating to children, under the Federal old-age and survivors insurance program. In addition, plans have been worked out in nearly all States to provide local public assistance agencies with necessary information on payments under the Federal insurance program to persons who apply for or receive public assistance, since these benefits constitute income which must be considered in determining eligibility for assistance and amounts of assistance. Of even greater importance is the growing recognition of the complementary character and essential unity of the measures instituted through the assistance and insurance provisions of the Social Security Act.

Members of the public assistance staff of the Board have served during most of the year on the Coordination and Vocational Rehabilitation Committee of the Federal Security Agency. Numerous

conferences also have been held with medical social-work consultants and other staff of the Veterans Administration, the United States Children's Bureau, and the United States Public Health Service. In many areas of joint concern, among them medical-care provisions and professional training and standards, collaboration has been continued with national social welfare agencies, including the American Association of Schools of Social Work, the American Association of Social Workers, the American Public Welfare Association, the American Foundation for the Blind, the Family Welfare Association of America, the National Conference of Social Work, and the National Society for the Prevention of Blindness. The Director of the Bureau of Public Assistance served as president of the National Conference of Social Work during the year.

Personnel Standards

Effective January 1, 1940, the States were required, as a condition of the Board's approval of a State plan, to establish and maintain objective standards on a merit basis for personnel engaged in the public assistance programs. While action to comply with this requirement had been taken by all participating jurisdictions in the preceding fiscal year, many of the steps involved in implementing standards and developing procedures could not be taken until the year just ended. General activities of the Board with respect to merit standards in use for both the public assistance and employment security programs are summarized in chapter V of this report. In the field of public assistance, important activities of the Board and the State agencies were concerned with surveys to classify the jobs within the State programs, preparation of materials for examinations to qualify present and new personnel, preparation of salary schedules, and development of other formalized procedures requisite to the use of objective standards for the selection, promotion, transfer, and separation of personnel.

Consideration of these formal procedures has had a marked impact upon the activities which the Board has maintained almost since its inception to assist the States in programs of staff development. In response to an increasing number of requests from the States, advice and aid have been given in such matters as methods of acquainting new personnel with the objectives and practices of the agency, appropriate standards of supervision, and the use of educational leave as a method of improving professional standards. The Board has continued to express its conviction that the merit system, while an essential basis for personnel standards and safeguard of such standards, must be supplemented by continuing activities for staff development.

State executives have shown increased interest in these supervisory standards and other personnel standards as a result of the effect of the merit systems in building up staff which, for the most part, will be permanent. Staff members likewise have shown themselves more concerned than formerly with the long-range objectives of the program and with the objectives of the agency with which they may now expect to have a continuing connection.

Safeguarding Public Assistance Information

The principle of the confidential nature of records, long recognized in social work practice and public welfare administration, was formally established by the amendments to the Social Security Act requiring, as of July 1, 1941, that State plans to be approved by the Board provide safeguards which restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of the program.

To assist the States in meeting this requirement, the Board has provided advice to State agencies with respect to necessary changes in legislation, a statement of standards to implement legislation, and assistance in the development of State administrative regulations. The statement approved by the Board in May 1941 sets forth objectives as follows:

The amendments to the Social Security Act, regarding the confidential character of public assistance information, have as their objective the protection of applicants and recipients from exploitation and embarrassment. State regulations should be directed to the objectives of:

1. Developing a relationship of confidence between the agency and the applicant for public assistance, which is vital and essential to efficient administration.
2. Defining and protecting the rights of applicants for public assistance through safeguards (a) against the identification of such individuals as a special group segregated on the basis of their need for public assistance, (b) against the exploitation of this group for commercial, personal, or political purposes, and (c) against making information available as a basis for prosecution and other proceedings except in connection with the enforcement of the public assistance laws.
3. Providing a basis for recognition by the courts of the right of the agency to protect its records, and of the privileged character of information made available to the public assistance agency in the process of administering assistance.
4. Developing a relationship of confidence between the agency and the public at large by protecting information made available to the agency by representatives of the public and utilizing such information only for the purposes of the proper functioning of the agency's public assistance programs.

In relation to subpoenas of records and individuals, the Board has taken the position that, except in instances directly involving the administration of public assistance, agency representatives should plead their State law and agency regulations to the courts to obtain

release from disclosing public assistance information. In States and localities where the method used in recording liens yielded lists of public assistance recipients, recommendations were made for revisions which would establish safeguards in this respect. Safeguarding the use of public assistance information by agencies other than the public assistance agency itself, in instances in which other agencies have access to such information, is being handled through legislation and regulation. The single State agency administering or supervising public assistance is held responsible for protecting the records no matter where they are located or in whose possession they are.

Although many State agencies already had regulations concerning records, based for the most part on the general rule-making authority, legislation was often needed to strengthen the regulatory power. In keeping with the purposes of the amendment the States have in general safeguarded the privacy of the individual by measures designed to prevent the use, for other than the administrative purposes of the assistance agency, of lists or other identifying information. Similarly, by appropriate application of legal principles affecting the use of confidential information for evidentiary purposes, relationships between the agencies and their clients have been materially strengthened.

Fair Hearings

To implement the requirement of the Federal act that a State plan, to be approved, must provide procedures under which an applicant or recipient may appeal for a hearing before the State agency, the Board has issued a statement defining the objectives and principles of procedures for fair hearings:

1. The objective of the fair-hearing provisions of Federal and State law is directed primarily toward safeguarding the interests of the individual applicant for or recipient of public assistance.

2. It must be recognized that the best interests of the individual are safeguarded primarily through sound administration of the program as a whole, the essentials of which are: A sound legislative basis defining the program; adequate funds; sound organizational structure with clearly defined lines of responsibility; well-defined policies, especially in relation to determination of eligibility and standards of assistance, which are made available to the staff through clear and adequate instructions; and competent personnel, supported by adequate supervision, and working under conditions conducive to effective performance.

3. The fair hearing is an integral part of the administration of public assistance and requires the understanding and the support of the agency's staff.

4. As an element in the administrative process, the fair-hearing procedure may serve to support and strengthen proper and efficient administration of public assistance by:

- a. Providing a practical means by which the applicant or recipient is afforded protection against arbitrary action or negligence on the part of the representatives of the agency, and

b. Bringing to the attention of the State agency information indicating need for clarification or revision of State and local policy and practice.

5. Beneficiaries of public assistance should be assured equitable treatment through the administrative process, without the need of resort to legal action in the courts.

6. The basic principles of fair hearing and the standards adopted by the State agency for carrying them into effect should be regarded as mandatory in the States, since they are basic requirements of State and Federal statutes.

This statement has helped State agencies to clarify their policies and procedures regarding fair hearings. Information obtained from the review of State and local administrations indicates, however, that the performance of State agencies lags behind established policy and procedure and is not yet fully consistent with the principles and methods recognized by the Board and the State agencies.

Standards and Practices for Determining Eligibility

The Social Security Act requires, as a condition of the approval of State plans, certain minimum standards relating to eligibility for public assistance. To be approved, a plan must apply to all subdivisions of a State; among other conditions, it may not impose age or residence requirements more stringent than those specified in the Federal act or a citizenship requirement which excludes from old-age assistance or aid to the blind any United States citizen; and it must provide for any applicant whose claim to assistance is denied an opportunity for a fair hearing by the State agency. The 1939 amendments, moreover, clarified the earlier legislation by specifying that, beginning July 1941, in determining need consideration shall be given to any other income or resources of the individual.

Determination of Need

In interpreting the new provisions, the Board approved in February 1941 the following statement of policy relating to the consideration of income and resources in the determination of need:

The purpose of these amendments is to assure that the State agency shall give consideration to all relevant facts necessary to an equitable determination of need and amount of assistance. In order to do this, the authority of the State agency must not be limited by legislative provisions that require the agency to disregard income or resources whether in cash or in kind, in determining the need of applicants for public assistance. Public assistance is intended to supplement rather than replace any available or continuing income and resources. The lack of resources or income to meet requirements thus becomes the determining factor in the establishment of need.

The Board recommended that income and resources, when considered in the determination of need, should be actual, not merely

potential; should be available to the applicant and of appreciable significance in meeting his needs; and should be considered from the standpoint of conservation and maximum utilization in the interest of the welfare of the applicant. Economic need, according to this interpretation, bears a relationship to both the requirements and resources of the individual and not to resources alone or to requirements alone. Thus a lack of resources to meet established requirements determines that need exists; a comparison between established requirements and all available income and other resources determines the deficit in resources and the amount of assistance needed.

By the end of the fiscal year all States had taken whatever legislative action was necessary for compliance with the Federal requirement regarding consideration of income and resources in the determination of need; previously some States had had provisions under which certain types or amounts of income and resources were specifically excluded from consideration in this connection. In practice, moreover, there was progress in developing common standards of assistance for the programs administered by a State agency. The objectives of such efforts are to simplify procedures for determining need so that they will be readily understood by both the applicant and the agency representative, and to develop standards of assistance which will assure equitable treatment through consideration of the varying requirements of old age, childhood, and blindness, of the prevailing costs of living in the applicant's community, and of his particular living arrangements and resources. In all 19 States visited by staff of the Board in providing consultation services on the determination of need, plans were in effect or under way for reexamination of the State's existing policies and preparation of new standards and procedures.

Eligibility for Aid to Dependent Children

Legislative action, when needed, has been taken and administrative changes have been made by several States to provide assistance for dependent children up to the age of 18 when the child attends school, in accordance with the amendment providing matching Federal funds for payments with respect to such children. In addition States are extending their programs, by changes in law or policy, to make fuller use of opportunities otherwise afforded by the Social Security Act. Under the act, Federal funds may be used toward payments for children who have been deprived of parental support or care by reason of the absence, incapacity, or death of a parent. Lack of understanding of the full scope of these provisions, restrictions in State laws and plans, and, perhaps most important of all, lack of funds have hampered

extension of aid to many children toward whose payments Federal funds were potentially available.

Some States are specifically including needy children of fathers whose absence from home is due to service in the armed forces. There has been a small but steady increase since 1937 in the proportion of children aided under approved plans who are living with relatives other than the mother; some early State laws restricted assistance to children in the care of widowed mothers. The change indicates some liberalization in State practice to accord with the wider latitude permitted in use of Federal funds under the Social Security Act and shows increasing realization that the need of the child should be the fundamental condition of eligibility. This recognition also underlies the tendency apparent in the past year toward eliminating unduly restrictive requirements concerning the "suitability" or "fitness" of the home in which the child lives or of the relative to whom the payment is made.

Determining the physical or mental incapacity of a parent to substantiate a child's eligibility for aid to dependent children has presented many difficulties to State agencies. To assist the State agencies in meeting this problem, the Board has issued a statement on health care for children and parents in the aid to dependent children program. Many State agencies are now giving consideration to revision of their definitions and procedures for determining incapacity. In a few States medical advisory committees have been or are being established to furnish technical advice to the public assistance agency in connection with the determination of incapacity. Progress has been slow in meeting problems of disability encountered in connection with this program, as in other programs.

Other Eligibility Requirements

Changes in residence requirements of the States have been few but definitely liberalizing; in the country as a whole, however, many otherwise eligible applicants are unable to obtain assistance because they cannot meet such requirements in the State where they are living. In a few instances provisions regarding temporary absence from the State have been liberalized to permit continuance of aid while the recipient is out of the State.

No changes have been made in the requirements for citizenship, which is necessary under 37 of the 94 approved State plans for old-age assistance and aid to the blind. A few States have broadened the coverage of plans for aid to the blind by eliminating minimum age requirements, which previously had been set at ages ranging from 16 to 21 years. Provisions regarding limitations on the property of

applicants have also remained substantially unchanged, though some States have liberalized previous requirements for liens on the property of recipients or claims against the estates of persons who had received assistance.

Federal funds may not be used toward payments to persons who reside in public institutions. Although some States disqualify, by law or administrative policy, residents of private institutions, there has been a tendency toward the elimination of these restrictions. Decision as to the public or private character of an institution has raised problems in both Federal and State administration which are being clarified with the aid of definitions issued by the Board during the previous fiscal year.

Evaluation and Planning

Appraisal of public assistance under the Social Security Act entails continuing study in fulfillment of the specific administrative responsibilities and also the general responsibility imposed upon the Board under the act for study and recommendation of further measures for economic security. In meeting these responsibilities the Board must assure itself that administration of the State programs accords with both the State plan and the Federal requirements and is guided by policies which will continue to make the programs more effective for the groups for which they are intended. The required review by the Board of any modification of an approved State plan serves not only to fulfill the Board's responsibility for assuring conformity with the Federal act but also to provide an opportunity for joint consideration by the Board and the States of the present operation and future development of the public assistance programs. Appraisal must also be made of the basic relation of these programs to other public measures for persons in need and to other public services, and of the place of the assistance programs in the general social and fiscal structure of the State.

Review of State and Local Administration

During the past fiscal year a continuing review of State and local administrative procedures and operations has been instituted as a method of ascertaining that operation of a State public assistance program is in conformity with provisions of the approved State plan.

This review constitutes an integral part of the field activities of the Bureau of Public Assistance, under the direction of the Bureau's regional representatives. In the formulation of regional plans, State agencies are consulted with respect to the selection of local agencies,

methods to be used in reviewing local practices, and adaptations of schedules necessary to cover special problems within the States.

Although many aspects of administration need to be considered in evaluating administration, the ultimate test is the treatment accorded to applicants and recipients. Any review of a State program must therefore include some measurement of the extent to which recipients are eligible, the extent to which all eligible persons have an opportunity to make application and receive assistance, and the effectiveness of the State and local administrative processes to carry out these objectives. Since it was necessary to limit the immediate scope of the review to feasible proportions, the plan adopted in July 1940 places primary emphasis upon the administrative processes directly related to taking applications and determining eligibility, as evidenced by individual case records, by observation of the functioning of a number of local agencies in each State, and also by a review of the operation of the State agency as it affects eligibility. Initially, periodic audits were made of all payments to recipients under approved plans as a means of checking eligibility and the computation of the Federal grant. The fiscal audit of individual payments is now made on a sampling basis.

Although the administrative review has placed emphasis upon eligibility of recipients of public assistance, it differs from the audit process in several important respects. The review emphasizes evaluation of general practice rather than action in individual cases, although samples of case records are read. Individual payments which are outside the limits of the State plan are called to the attention of the State for adjustment, but the primary concern is to determine whether, on the whole, the State is complying with the eligibility provisions of its plan and with Federal requirements. The underlying causes of any deviations from the State plan are stressed, rather than the mere fact of deviation, and efforts are made to assist the State in making corrections. The operation of State plans is studied in relation to applications rejected as well as to those approved, to determine whether eligibility provisions are applied uniformly to all applicants. Emphasis is placed upon present practice rather than past performance.

Methods of investigating and verifying eligibility have been found, in general, to be in accordance with plan provisions. Questions raised in the review of recently approved applications related almost entirely to the determination of need and in most instances were traceable to incomplete formulation of State policy or to incomplete recording by the local agency. The review of basic eligibility provisions has had the important result of bringing to the attention of State agencies policy statements which were ambiguous or no longer applicable and policy provisions on which insufficient interpretation had been pro-

vided. In some case records, absence of evidence of reconsideration of eligibility raised a question as to the practices of local agencies in ascertaining continuing eligibility of recipients after the initial approval of assistance. State agencies have shown eagerness to discuss the information obtained and to utilize it in the development of their programs.

Analysis and Planning

The continuing review of State and local administration constitutes only one of several measures which have been developed to enable the Social Security Board and the States to evaluate the current status and consider the future development of the programs of public assistance. The Board receives periodic reports on operations under the programs not only from States with approved plans but also, on a voluntary basis, from States not now administering Federal funds for aid to the blind and aid to dependent children. Since evaluation of the programs for the special types of public assistance must take into consideration other public programs for persons in need, the Board also receives voluntary reports on general relief in all jurisdictions in the continental United States and exchanges information with other Federal agencies which administer related assistance or work programs in behalf of persons in need. Statistical and other information compiled from these various reports is made available to State and local public assistance agencies through regular publication in the Social Security Bulletin. These agencies are able, therefore, to consider the interrelationships of all programs within their own borders and in some degree to compare their experience under a particular program with that of other jurisdictions. These data and the information obtained from special studies and field surveys also provide the bases for analysis of particular aspects of operation and general considerations common to many or all States.

Recipients and payments.—In addition to the regular monthly reports on numbers of recipients and amounts of assistance, the States have reported annually for several years on the characteristics of the recipients added to or removed from the assistance rolls during the year; these reports supply information on the age, race, sex, living arrangements, and other characteristics of persons in these groups and the amounts of payments initially approved for accepted applicants. Such information, in which no marked change is apparent from year to year, is now sufficient to provide a reasonably complete picture of the groups of persons who enter or leave the program. In the past fiscal year, therefore, reporting of these data has been considerably simplified, and reporting of information of greater current importance

has been initiated. Semiannual reports are now made by the States on the individual amounts of all payments to recipients. This information helps to show State policies in the use of available funds: whether, for example, most payments are for about the same amount or whether there are wide differences in individual amounts in accordance with the varying needs of recipients. The distribution of the amounts of all assistance payments in a State gives a far more informative picture of the actual levels of assistance provided than does the figure for only the average payment in a State.

Services to recipients.—Among the problems to which particular attention has been given during the year is the need for adequate medical care among recipients of public assistance, who belong to age and income groups in which sickness and disability are frequent and who have, in general, no resources to meet the costs of sickness. Basic studies on the incidence and costs of sickness and disability and on methods of providing medical services and hospitalization needed by assistance recipients and other groups in the population are outlined in chapter V. Mutual interest of the Board and the State agencies in the prevention of blindness and in services for the blind has led to continuing studies in this field. During the past fiscal year an extensive study on the causes of blindness was initiated in consultation with technical experts, including representatives of national agencies concerned with this subject. Field surveys are also being made to study specific agency policies in aid to the blind and their effect on applicants and recipients; agency practices for determining need, including the consideration of income and resources; and the agency's utilization of other community services for the visually handicapped.

Analyzing staff time.—As a means of enabling both the Board and the States to evaluate certain aspects of public assistance administration and to make the best use of existing resources, consideration has been given to methods of recording and analyzing time spent by public assistance personnel in the various activities and functions relating to the programs. Such information is important not only for the efficient use of personnel for present operations but also for planning future developments within the means at an agency's disposal. The research of the Board in this area has resulted in the publication of a manual outlining time-study methods which States may adapt to their particular needs for information.

General relief.—The close relation of general relief to the special types of assistance has required continuing examination of the scope and nature of that program. An extensive study of the administration of general relief in 1940 was made on the basis of information supplied by State assistance agencies. This study provided informa-

tion on the types of State and local agencies administering the program and their respective supervisory responsibilities; on the division of financial responsibilities between the States and the localities, which carry by far the largest part of the burden; and on the forms of relief provided. Further analyses are contemplated of changes in responsibility for administration of this program, methods used in the States to obtain funds for general relief, and interrelationships between the financing of this program and the State programs for the special types of public assistance.

Financial and economic factors.—Other fiscal studies have been concerned with the division of financial responsibility for the special types of public assistance among Federal, State, and local funds and the methods employed in the States for obtaining assistance funds from general or special taxes or other sources. Attention has been given also to costs of administering the special types of assistance and general relief. Reasonably adequate information on administrative costs has become available only within the last year and must be interpreted with regard for the various types of administrative organization and the differing combinations of administrative responsibilities in the States. In some States, for example, agencies which administer the special types of public assistance are responsible also for general relief; in others, the programs are separated. Analysis of these and other factors has been necessary to determine appropriate allocations of costs for the several functions which may be performed by the same staff.

Of special pertinence to public assistance problems have been the general studies, made by the Board over a period of several years, of the relative economic capacities of the States, State per capita income and income distribution, and tax resources of State and local governments. Such information is essential for consideration of the need for assistance within an area, the extent to which this need is met, and the relation of assistance programs to other essential functions of State government. These studies have provided the basis for the Board's recommendation that special Federal grants, in addition to the basic 50-percent grants, be made to the poorer States in accordance with objective measures of the varying economic capacities of the States. They also have led to the Board's belief that Federal grants should be made to the States, in accordance with similar principles, to aid in the maintenance of adequate programs of general assistance.

.V.

Management and Planning

EXPANSION OF ACTIVITIES necessitated by the development of the operating programs reviewed in preceding chapters of this report influenced the volume and character of the management and planning functions of the Social Security Board as notably during the last fiscal year as in previous periods. Problems of management involved in recruiting personnel, providing office space, and maintaining essential services were intensified by exigencies of the defense program, while facilities available for the performance of these functions were called upon to serve an increasing volume of demands. The content, if not the volume, of research, planning, and informational services was similarly affected by developments arising in part from needs associated with the defense effort and in part from an intensification of concern with the adequacy and basic objectives of existing measures for economic security, reflected by requests for data and analyses to be used in investigations by committees of the Congress and in numerous other connections.

Activities relating to the establishment and development of merit systems for State personnel concerned with the employment security and public assistance programs, as required by the amended Social Security Act for Federal approval of State laws and plans, placed heavy responsibilities upon the staff of the Board, as in the year preceding. There was continued improvement in performance of general management functions of the Board and in attaining specific objectives in research and planning. The following brief survey of such areas of activity relates in particular to services maintained, in collaboration with the program bureaus, by the Office of the Executive Director, the Office of the Actuary, the Bureau of Accounts and Audits, the Bureau of Research and Statistics, and the Informational Service.

Organization and Management

The pattern of administrative organization resulting from changes made during the fiscal year 1939-40, which were entailed by provisions of the Social Security Act Amendments of 1939 and the creation of the Federal Security Agency under the President's Reorganization Plan

No. I, remained basically unchanged at the end of the last fiscal year. With minor exceptions, the allocation of functions to the several bureaus and offices shown in the functional chart facing p. 159 is the same as that described in the Board's Fifth Annual Report. Additional duties were assigned to the Board's 12 regional directors during the latter part of the fiscal year, when they were designated by the Administrator of the Federal Security Agency as regional defense coordinators to act as chairmen of the regional advisory councils which had been established to coordinate the work of the regional and field staffs of various governmental agencies concerned with health, welfare, and related defense activities, and to maintain the relationships in these fields with the State defense councils in their regions. Other notable changes during the year represented further steps in the decentralization to field offices of certain activities involved in the handling of claims for old-age and survivors insurance benefits, and in the consolidation, within the operating bureaus for employment security, old-age and survivors insurance, and public assistance, of research and other service functions associated directly with these programs.

Personnel Management and Training

Formal transfer to the Office of the Administrator of the Federal Security Agency of the staff in the Office of the General Counsel and in the personnel and printing and duplicating divisions of the former Bureau of Business Management was effected on July 1, 1940. Prior to that date these employees had been paid from Social Security Board funds but for some months had been attached to the Office of the Administrator. Personnel of the Board, including these employees, totaled 12,164 as of June 30, 1940. Additions to the staff during the last fiscal year offset the effect of these transfers, and by June 30, 1941, the total was 12,682. The net increase in total personnel accounts for only a small fraction of the personnel actions necessitated during the year in recruiting new employees, especially for the Bureaus of Employment Security, Old-Age and Survivors Insurance, and Public Assistance, and filling vacancies created by absence of employees on military leave, transfers to other agencies, and the abnormal turn-over of personnel resulting from other factors associated with the defense program. Despite increased difficulty in obtaining personnel, it was possible to establish more exacting personnel policies and standards.

Intensive induction and in-service training programs for Board employees were continued during the fiscal year. Basic training and orientation courses and special training activities were continued, and

a special brief course in the use of the telephone was given. Training activities related to administration of the old-age and survivors insurance program were transferred to the Bureau of Old-Age and Survivors Insurance. A training section was established in the office of the Director of that Bureau to provide facilities for familiarizing employees with administrative rules and regulations, use of operating manuals and procedures, and statutory provisions applicable to the program. Study was made of all staff-development activities to ensure their integration into the work of the Bureau and to appraise their value in terms of the objectives for which they were undertaken. The growth in the numbers and duties of field personnel has given rise to an increased need for training materials of a technical nature. Handbooks and instruction manuals are provided on all phases of field activities related to wage records and benefit claims. Instruction is also provided to regional and field personnel through conferences, lectures, discussions at regional and field meetings, and distribution of training materials. Supervisors gave specific training in individual job performance to personnel of the Washington and Baltimore offices of the Bureau, supplemented by classroom instruction, covering mechanical operations, coding, searching, filing, and many other functions. Manuals of procedures for all such operations have been developed to simplify instruction and to indicate standards of performance. Personnel concerned with adjudication of claims also receive special training, and conferences, meetings, and practice in claims adjudication help to effect mutual understanding of administrative and claims problems on the part of central-office and field personnel.

Business Management Services

Steadily increasing work loads, together with shortages of personnel and abnormally high turn-over rates, have necessitated constant attention to improvements and simplifications in performance of business management functions assigned to the Office of the Executive Director. These services include replies to nontechnical inquiries; maintenance of drafting, filing, mail and messenger, stenographic, and passenger traffic services; procurement, property, and space control; publications distribution; and library services and facilities. Important savings were effected, for example, by eliminating photocopies of certain types of letters referred to State agencies; by returning requests for publications with the materials sent in response to the requests, instead of filing them; by having the Government Printing Office store and mail certain types of publications previously handled within the Board offices; by substituting form purchase cards for requisitions

formerly used for purchase of books; by simplifying form replies to inquiries; and by inaugurating a dispatch mail service in partial substitution for telegraph services.

The difficulty of providing adequate office space for Board employees in Washington and Baltimore was intensified. In response to a request by the Committee on Appropriations of the House of Representatives, a study was undertaken to determine the feasibility of moving the offices of the Bureau of Old-Age and Survivors Insurance out of the Washington area. At the end of the fiscal year consideration was being given to a number of possible plans, among them a proposal to negotiate for a new building in Baltimore to house both the Washington and Baltimore staffs of the Bureau. At the close of the fiscal year, Board offices in Washington, including three offices of the Employment Center of the District of Columbia, occupied a total of nearly 471,000 square feet. All but 8,500 square feet of this space is rented, at an annual cost of more than \$439,000. The offices in Baltimore occupy 292,000 square feet of rented space, at an annual cost of nearly \$145,000. Elsewhere, nearly 600 units of office space comprising 674,000 square feet were required for the 12 regional, 2 Territorial, 477 field, and 13 branch offices, and for 63 units occupied by veterans' and farm placement facilities of the United States Employment Service. Of this space 402,000 square feet are rented, at an annual cost of nearly \$484,000.

Library services for the staff of the Board and the Office of the Administrator and limited services for other Federal agencies in Washington required a full-time staff of more than 25 persons during the year. Library activities included maintenance of a collection of nearly 150,000 books, pamphlets, and bound periodicals and legislative documents; replies to nearly 10,000 reference questions on all aspects of the social security program and related subjects; distribution of 124,000 copies of legislative documents; a circulation of books, periodicals, and pamphlets aggregating more than 115,000; preparation of numerous bibliographies and lists of source materials; publication of a comprehensive list of subject headings on social security and related topics which has been in preparation for nearly 4 years; and provision of advice and guidance on technical library problems requested by personnel of State employment security and public assistance agencies. The foreign document exchange which had been maintained as a routine activity was considerably expanded during the year as a result of increasing interest in the social security program on the part of governmental agencies, universities, research centers, and other institutions and organizations in foreign countries, especially in Central and South America. In spite of war conditions, exchange

arrangements have been maintained with institutions in all parts of the world, including belligerent countries.

Financial Management

Continued progress was made during the past fiscal year in improvement of accounting and auditing services. Emphasis was laid on training activities to increase effectiveness in the performance of these functions. In conferences with the field staff, for example, arrangements were made for comprehensive discussions, led by representatives of the Bureaus of Employment Security and Public Assistance, on developments in these programs, on technical problems in the conduct of audits in the State agencies, and on information of administrative value which comes to the attention of auditors in the course of their work. Other activities included the completion of manuals of instruction covering audits of grants made for the administration of State employment security agencies, administrative expenses of State public assistance agencies, and expenses of joint merit systems.

Procedures for the accounting control of expenditures by the Social Security Board, with respect both to direct payments by the Board and to grants certified to the States, were continued without substantial change. Procedures for processing public assistance grants were simplified. There was a marked increase in the volume of work involved in the administrative audit of Board expenditures, despite improvements and reduction in the number of forms used. More than 66,000 vouchers were audited and scheduled; in the preceding fiscal year there had been less than 51,000.

By the end of the year, auditing the administrative accounts of State employment security agencies required only 0.57 man-hours for each \$1,000 of expenditures audited, approximately one-fifth of the average of 2.77 hours required during the first 2 years in which the program was in operation. During the fiscal year, detailed surveys were made of the accounting systems and fiscal procedures of 41 State agencies with respect to funds made available for administration for the budgetary period January 1-June 30, 1940. In current audits a review is being made of inventory controls of furniture and equipment installed by State employment security agencies, and regional auditors have been made responsible for assuring that State records of such property are adequately maintained.

Further steps also were taken during the year to improve the effectiveness of auditing public assistance expenditures. Plans were formulated for establishing standards of time required for public assistance audits. Constructive accounting services, including advice and assistance in devising and installing accounting systems and in

making surveys of accounting procedures, were provided on request to public assistance agencies in nine States during the year. In addition, consultative services on a wide range of problems were provided to State agencies in connection with other financial aspects of public assistance.

Standards of Public Administration

The responsibility placed upon the Social Security Board for maintenance of adequate standards of administration in social security programs for which it certifies grants of Federal funds to the States has continued to represent a major field of activity, involving further development and extension of advisory services and technical assistance to State agencies. The new standards for administration of cooperative Federal-State programs imposed under the Social Security Act Amendments of 1939, particularly those relating to merit systems of personnel administration, have continued to present complex and difficult problems for the solution of which new techniques in Federal-State relations have been developed. The formulation and uniform application of general principles and standards, with necessary allowance for latitude in the adaptation of these principles and standards to different needs of the States, involve a wide range of activities many of which are outlined in other sections of this report. The Board has always held the conviction that adequate administration of the State provisions and full conformity with the objectives and requirements of the Federal legislation depend on the use of objective standards for the selection and maintenance of competent personnel. This conviction has found expression during the past fiscal year, as in previous years, in the special emphasis placed on activities related to establishment, operation, and improvement of merit systems for personnel administration. Although progress in this field during the year was slow and somewhat uneven, the net advance in the development of State personnel administration was substantial.

Merit-System Organization

As of June 30, 1941, all jurisdictions had merit systems covering employees of State and local social security agencies. In 6 States and 1 Territory the civil-service system covers all employees in these agencies. One additional State will be added to this list on July 1, 1942. In 9 States, the employment security and public assistance employees at the State level are included in the State civil service, and special arrangements have been made for the administration of a merit system for the county public assistance

employees by the State civil-service agency or a separate merit-system organization. Two States have limited civil-service systems, established on a State-wide basis but including primarily only the agencies receiving Federal grants-in-aid under the Social Security Act. Pennsylvania will come into this category when a recently enacted bill becomes effective. Twenty-one jurisdictions have joint merit-system councils established specifically for the social security agencies, including in 17 of these jurisdictions the public health agency also. Two of these systems were established by statute in 1941 after separate systems had been set up administratively. Some of these organizations have joint merit-system rules, while some have separate rules for the participating agencies with the same council and supervisor. Eleven States have separate merit systems for the employment security and public assistance agencies. In 3 cases, the public assistance personnel are included in joint systems which cover the public health departments.

In the interest of economy and efficiency, the Social Security Board has strongly urged the establishment of joint merit systems to serve all agencies receiving Federal grants-in-aid. In States with State-wide civil service, the Board has recommended inclusion of the social security agencies in the general State system. When States have not set up joint merit systems, the Board has strongly urged that at least widely applicable examinations, such as those for clerical positions, be held jointly to avoid public inconvenience and undue expense.

The cooperation of the Social Security Board with State public assistance and employment security agencies, and with civil-service commissions when they exist, has facilitated the development of more realistic classification and compensation plans, and further cooperation of this character is contemplated in a number of States in the coming year. Considerable difficulty has also been encountered by many of the States in correcting wide disparities in compensation for like positions in different agencies. In a number of States, for example, salaries of public assistance personnel are considerably lower than those of personnel of employment security agencies.

Merit-System Activities in 1940-41

Before the end of the fiscal year 1940-41, all States had adopted rules and regulations for implementing Federal standards for personnel administration on a merit basis, had determined the type of merit-system organization to be established, and had appointed merit-system councils. The conduct of classification surveys and the establishment of classification and compensation plans had been

completed, when necessary, as a preliminary to examination programs. During the year, attention was centered on the conduct of initial examination programs, which were completed in a majority of the States before June 30, 1941. Substantial aid was given to nearly all the States during the year by the State Technical Advisory Service, maintained in the Office of the Executive Director of the Social Security Board, which carries major responsibility for this aspect of the Board's functions. In addition to field services rendered by personnel and examination consultants and technical assistance given during the course of the examination programs, arrangements were made for a series of training conferences for State merit-system supervisors and technical assistants, and a substantial body of sample examination material was compiled and made available to the States at their request. This material, which included practical questions relative to technical administrative positions in unemployment compensation, employment service, public assistance, accounting, and statistical work, as well as clerical, typing, dictation, and performance test material, was used, after adaptation by the States to their specific needs, for examinations for 1,159 classes of positions in 45 States. Supplying test material of these types to the States made possible substantial savings to the State agencies in examination costs.

The impact of the national defense program and increasing employment in industry made it necessary for many States to engage in almost continuous examining programs. Initial registers for many classes of positions were quickly depleted as a result of rapid turn-over of personnel and, in the case of employment security agencies particularly, by the expansion of staff for activities connected with the defense program. The necessity to formulate policies and regulations governing the status of employees of State social security agencies called into military service and procedures for the appointment of substitutes for such employees imposed additional burdens on personnel already confronted with complex problems involved in the development and application of classification and compensation plans, attendance and leave regulations, policies and procedures relating to hearing of appeals, regulations governing handling of reductions in force, and other aspects of personnel administration.

Many bills relating to personnel in the State social security agencies were introduced in State legislatures. Before the legislatures convened, staff members of the Board, cooperating with the Office of the General Counsel of the Federal Security Agency, reviewed existing laws affecting State personnel and formulated legislative recommendations which were made available to the agencies through the regional offices. These activities involved an examination of general statutory

authority to establish merit systems and authority with respect to such specific points as tenure, residence requirements, and the establishment of plans for compensating employees. Nearly 1,400 bills introduced in the 1941 sessions of State legislatures were reviewed, including bills to establish or amend State-wide civil-service systems and those relating to personnel called into military service, discrimination, prohibition of educational requirements, extension of veteran preference, establishment of retirement systems for public employees, requirements of State and local residence, and establishment of classification and compensation plans, as well as proposed revisions of the personnel sections of the public assistance and employment security laws.

A favorable public attitude toward civil service was indicated by the fact that in three States constitutional amendments were passed during 1940 to provide for State-wide civil-service systems. In several other States existing civil-service provisions were extended to cover groups of State or local employees not previously included, or the statutory authority for such provisions was clarified and strengthened. The year witnessed subtle but important changes in the attitude of State officials generally toward personnel merit-system standards. Challenging questions as to the necessity for such standards gave way increasingly to recognition of the merit system as an essential to sound administration, and to concern with organization and methods. Even in States where the spoils tradition is still strong, it is recognized that the initiation of merit systems has improved the caliber of personnel in social security agencies.

Since the administration of personnel on a merit basis is a matter of dynamic operations rather than of mere formal installation, plans have been made for the conduct of periodic reviews of correct merit-system and agency personnel practices. Such reviews will, it is hoped, provide measures for objective evaluations of the systems. The reviews will permit the Board to certify as to compliance with the requirements under the Social Security Act and will also result in suggestions for improved and more economical administration of the personnel functions. During the fiscal year the pressure of consultation incident to the installation of merit systems prevented the conduct of reviews except in States where the regional staff felt that there was urgent need for a survey of personnel operations.

Research, Analysis, and Planning

A major organizational change in the assignment of functions relating to research and statistics was effected during the year with the transfer of the public assistance activities of the Bureau of Research

and Statistics to the Bureau of Public Assistance; primary responsibility for the research and statistics functions in the fields of employment security and old-age and survivors insurance had been transferred previously to the respective program bureaus. At the same time the functions of the Bureau of Research and Statistics were redefined, to clarify and broaden the Bureau's responsibility for basic research beyond the immediate fields of the operating programs and for coordinating research. The functions of this Bureau include study of financial and economic aspects of the social security program as a whole, methods of financing the program, investment of trust funds, grants-in-aid policies, and their economic implications; analysis of the characteristics and effects of the interrelationships of Board programs and other social insurance and social welfare programs, and special problems arising from such relationships; and examination of further developments toward social security, such as health and disability insurance and the provision of medical care. To the Bureau of Research and Statistics was assigned responsibility for the maintenance of a continuing general review of the research and statistics programs of the several bureaus and offices of the Board concerning their adequacy as to objectives, scope, methods, and results, and for their integration as the research program of the Board. The Bureau continues to carry primary responsibility for the planning and preparation of the Board's Annual Report, the Social Security Bulletin, and the Social Security Yearbook.

A further step in the coordination of research and statistics activities was the establishment of a research committee under the chairmanship of the Director of the Bureau of Research and Statistics, with representatives of each of the bureaus and offices. This committee is to examine periodically the adequacy of the Board's research and statistics program in relation to the general statutory obligations of the Board and operating requirements of the several bureaus, and to consider proposed research and statistics projects and any necessary reallocation or adjustment of such projects to prevent duplication among the bureaus and offices. The committee is also responsible for examining the general liaison relationships with respect to research maintained between the bureaus and offices of the Board and the Federal Security Agency and other Federal and nongovernmental agencies.

Substantive results of research activities during the fiscal year have been incorporated in sections of this report devoted to review and appraisal of specific operating programs and of the setting of the program as a whole. The following paragraphs, therefore, relate

only to other particular research and statistics activities and to general trends in these activities.

Old-Age and Survivors Insurance

Emphasis in research, statistical, and actuarial studies in the field of old-age and survivors insurance continued to be centered on analysis of program operations, with a view to indicating directions in which existing provisions should be clarified or strengthened. Particular attention was given during the year, as has already been indicated, to problems involved in adapting the program to situations created by the defense emergency, to questions of possible further extension of coverage, to administrative problems encountered in the adjudication of claims, and to the adequacy of benefits. In these connections, numerous proposed amendments to the old-age and survivors insurance provisions of the Social Security Act were examined, cost estimates were prepared, and technical analysis was made of problems which would be involved in the operation of such measures. Further progress was made during the year toward improvement in the quality of statistical data derived from operations under the program.

Long-range cost analyses and study of other financial aspects of old-age and survivors insurance constituted important continuing functions in this field. Studies have also been directed to the economic effect of the pay-roll tax and trust fund and to probable factors influencing the amounts of contributions collected. Material was prepared for use by the Chairman of the Social Security Board in connection with the annual report required of the Board of Trustees of the old-age and survivors insurance trust fund. These analyses require continuing review of financial operations under the program; study of population data, mortality records, trends in interest rates, claims experience, and wage data; development of graduation formulas and of techniques for applying them to social insurance and population data; and other types of actuarial and statistical activities.

Employment Security

In the field of employment security, as has been indicated elsewhere, major effort was of necessity devoted to the provision of adequate information concerning the labor requirements for national defense. The facilities which had previously been developed and maintained for the prompt collection and reporting of data under the employment security program proved readily adaptable to serve the urgent needs arising out of the defense effort. In addition to the extension of the reporting program to provide for the needs of the United States

Employment Service in connection with the recruitment of labor, some modifications were made in the statistical reporting program which either simplified certain reports or provided information on areas for which data had not been previously collected. An outstanding illustration of the extension of the reporting program is to be found in the semiannual report relating to appealed claims. Instructions were also issued to the State employment security agencies which brought the reporting of data on the payment of benefits for partial unemployment into line with the standards for such payments established by the Board effective July 1, 1941.

Continued attention was devoted to the analysis of problems of coverage, adequacy of benefits, interrelationships between unemployment compensation and other social insurance and social welfare programs, and contribution and benefit-payment aspects of the program. In studying the adequacy of benefits, extensive analyses were made of the experience under State laws and the effects of their various benefit formulas. Similarly, analyses were made of the results of experience-rating provisions of the States in which such provisions were effective during the calendar year 1940. Research was continued on questions of the solvency of unemployment compensation funds under existing and proposed provisions. A number of congressional proposals required the compilation of detailed estimates of the cost of benefits under various provisions. The solvency studies are also to be used in connection with the study of post-defense unemployment, so that adequate provision for the unemployed may be assured should widespread unemployment occur.

Public Assistance

There was continued progress in the development of statistical reporting and of special research projects in the field of public assistance relating to administrative costs and methods, adequacy of assistance payments, services to recipients, and fiscal practices. In these connections, extensive technical assistance was provided to the States by personnel of the Social Security Board.

Continuing studies of State economic capacity and fiscal practices were of significance to all programs administered by the Board and of particular pertinence to problems involved in evaluating present methods of allocating Federal grants and in financing public assistance within the States. A comprehensive revision of the compilations of basic data assembled for these purposes was continued, and on the basis of these data analysis of particular problems in this field was undertaken. Special emphasis was placed on such subjects as the operation and effect of various proposed formulas for sharing public

assistance expenditures; State-local fiscal relations and their bearing on the effectiveness of Federal grants-in-aid for public assistance, including detailed surveys of the situation in several States; the interaction of State revenue systems and Federal grants for public assistance; and available measures of State fiscal and economic capacity.

Health, Disability, and Medical Care

Problems related to health, disability, and medical care continued to receive attention during the year, particularly in their bearing on the social security programs administered by the Board and their relation to the need for additional social security measures. A study of available information indicative of the extent of economic insecurity incident to ill health and disability was continued during the year; further analysis was made and cost estimates and alternative specifications were prepared for specific legislative proposals in this field. These studies included detailed examination of American and foreign experience for information on the extent, duration, and frequency of temporary and permanent disability under various conditions and among various segments of the population; analysis of old-age and survivors insurance wage records and other data for information on the characteristics of groups affected by these hazards; and investigation of administrative problems and experience in workmen's compensation and other social insurance systems, with respect to such factors as benefit formulas, waiting periods, and methods of certifying disability.

An attempt has been made to obtain precise current data on the costs of medical care as a factor in economic insecurity, and consideration has been given to various proposed methods for providing more nearly adequate medical care, especially for groups affected by social security programs. Particular attention was centered during the year on the medical needs of recipients of public assistance and on provisions for meeting these needs. Cost estimates of various types of medical services for special groups have been prepared, and analysis of experience under various types of voluntary plans for prepayment of the costs of medical care, including hospitalization, has been continued to gauge the extent and nature of needed services and personnel.

Family Composition in the United States

With the continued authorization of Work Projects Administration funds for the study of family composition, first sponsored by the Board in 1938, further analysis was made of data from schedules of the National Health Survey conducted by the United States Public Health Service in 1935-36. In its research in the fields of health and dis-

ability, in the development of cost estimates and actuarial calculations needed for appraisal of proposed amendments to the Social Security Act, and in the performance of many related functions, the Board has drawn heavily upon this study for information on family structure, size, and income, dependents of wage earners and their age, sex, and relationship to the wage earner, and other related factors. Data derived from this study were also used extensively during the year in preparing material requested by congressional committees and other Federal agencies, including estimates of the numbers of orphans and widows, of the number of children potentially eligible for aid to dependent children, and of the resources of the aged; estimates relating to the marital status of the population subject to the provisions of the Selective Training and Service Act; and analysis of data on employment and unemployment. A series of compilations of detailed statistics of family composition in selected areas of the United States, based on data from this study, was initiated and partly completed during the year.

Integrating Information on Social Insurance

Further progress was made during the year in the survey of available sources of information on beneficiaries and payments under social insurance and related programs in the United States. The compilation and analysis of periodic statistics on such programs were extended to include data on operations under retirement programs administered by the United States Civil Service Commission. Preliminary work was completed on the development of comprehensive estimates of benefit payments under workmen's compensation systems in the United States, and further consideration was given to the compilation of data on benefit payments under the many hundreds of State and local retirement systems now in operation. Of importance to the Board's work in the compilation of summary statistics on social insurances and related public programs is analysis of the relationship of insurance and assistance payments to total income payments of all types, which was continued during the year.

Coordinating Research

Many technical and research activities of the Social Security Board are closely related to the work of other Federal agencies. In these areas the Board has maintained close collaboration with research and statistics personnel of such agencies and has integrated its own activities with those being carried on elsewhere. Representatives of the Board have participated in the work of a number of interagency committees formed to deal with problems of common interest or concern—

for example, the Committee on Farm Labor Statistics organized by the Division of Statistical Standards of the Bureau of the Budget to formulate recommendations for improvement of agricultural labor statistics. Special attention was given during the year to recommendations with respect to plans for tabulating 1940 census data and to problems involved in preparing estimates of employment and unemployment. In addition, many special services and activities have been undertaken in behalf of committees of the Congress and of other Federal agencies in areas in which the Social Security Board has special experience or recently available information. Among the agencies with which close collaboration has been maintained or for which substantial services of these types have been provided during the year are the Railroad Retirement Board, the Division of Statistical Standards of the Bureau of the Budget, the Bureau of Internal Revenue and other units of the Treasury Department, the Work Projects Administration, Civil Service Commission, Securities and Exchange Commission, National Resources Planning Board, Selective Service Administration, Veterans Administration, and many offices of the Departments of Agriculture, Commerce, Justice, Labor, Post Office, and State.

Technical Publications

The operation of the social security program and studies of the Social Security Board have continued to provide a wealth of basic data and technical information of value not only to governmental agencies but also to business, education, and other groups concerned with social and economic data. Insofar as is feasible and desirable, the Board makes such information generally available by publication in the Social Security Bulletin, its official monthly periodical; in the Social Security Yearbook, an annual supplement to the Bulletin; and in the monthly Employment Security Review, the Unemployment Compensation Interpretation Service, and various types of special research reports and monographs. Among the more substantial special reports issued during the year are: "Old Age in Sweden: A Program of Social Security"; "An Outline of Foreign Social Insurance and Assistance Laws"; "Cash Benefits Under Voluntary Disability Insurance in the United States"; "Trends in Public Assistance, 1933-39"; "Old-Age and Survivors Insurance Statistics: Employment and Wages of Covered Workers"; a processed compilation, "Fiscal Capacity of the States"; two volumes in a series of compilations of statistics of family composition in selected areas of the United States, presenting data for Detroit and Boston; and the "Statistical Manual of the Social Security Board."

Publications of these types are distributed without charge to organizations and individuals with official responsibility for administering social security and related programs, and to organizations which maintain an exchange of technical information with the Board or otherwise assist its administrative operations. Technical publications of general interest are placed on sale by the Office of the Superintendent of Documents, Government Printing Office.

Public Information

The character of services to supply public information concerning the social security program was modified appreciably by developments in the operation of the program during the past fiscal year. In general, emphasis in activities of the Informational Service shifted further from concern with widespread understanding of the objectives and principles of the program toward attainment of specific objectives related directly to current problems of administration.

In the field of old-age and survivors insurance, for example, activities in the fiscal year developed almost entirely out of such administrative requirements as the need for improvement in the completeness and accuracy of wage reporting by employers, more general understanding of availability of survivors' benefits, wider knowledge of the availability of wage-record statements and of the new 4-year limitation for correction of incompletely reported wages, greater realization of the importance of holding only a single social security account number, and more thorough comprehension on the part of beneficiaries of the circumstances which require suspension of benefits, such as the return to covered employment.

Of major importance among informational activities during the year were those undertaken to meet the responsibilities of the United States Employment Service under the defense program. Extensive use of all facilities for public information was required to promote registration at local employment offices, particularly the registration of workers with skills needed in defense industries; to discourage unplanned migration of workers to defense areas; to increase employer confidence in and use of public employment offices; and to serve other informational needs related to defense functions of the Social Security Board. Special projects in this field included collaboration in the Nation-wide voluntary registration of workers who might be available for defense jobs, undertaken during March in all States; in efforts to encourage relaxation of restrictive hiring policies and discriminatory practices which tend to exclude qualified individuals from defense employment on grounds of race, sex, age, physical handicap, or na-

tional origin; and in efforts to promote the aims of the President's proclamation of National Employment Week. Continuing attention was given also to other aspects of the employment security program, including problems arising from the operation or installation of personnel merit systems in State employment security agencies and the inauguration of revised minimum standards for payment of partial unemployment benefits.

In the field of public assistance, emphasis was laid increasingly on provision of technical advice and assistance to State agencies in meeting needs for public information concerning their programs. Special attention was given during the year to problems involved in the establishment of personnel merit systems, and in the application of requirements of the Social Security Act pertaining to standards for determining need and safeguarding the confidential character of information concerning persons who seek or receive public assistance.

In all these activities, both the Social Security Board and the State agencies have had generous cooperation from the press, radio broadcasters, the motion-picture industry, and other channels of communication. Noteworthy also has been the cooperation of labor and employer organizations and other groups, particularly in the dissemination of information pertaining to defense objectives. An illustration of the extent of such cooperation was the reception accorded to a series of eight transcribed radio programs entitled "Jobs for America" which were prepared in Washington and made available to State employment security agencies for distribution to broadcasters. All or part of the series was broadcast by 418 radio stations in 47 States. Similarly generous cooperation was given by the press in connection with a series of eight cartoons depicting the employee's participation in activities relating to account numbers, claims, and benefit procedures under the old-age and survivors insurance program, which was made available in mat form with accompanying text and was published in approximately 1,500 newspapers with an estimated total circulation of 20 million. Film strips, exhibits, leaflets prepared for distribution by employers and labor groups, radio spot announcements, speeches, forums, and discussion meetings arranged with the cooperation of hundreds of labor organizations and other local groups, posters, display cards for streetcars and busses, and other mediums were utilized effectively in meeting demonstrated needs and specific requests for information concerning various aspects of the program.

Supplementary Data

July 1—October 31, 1941

Operations of the Social Security Board since the close of the fiscal year and certain activities of Federal and State agencies concerned with the social security program are summarized briefly in this chapter. More detailed data are available in current issues of the Social Security Bulletin.

Defense Program

The Social Security Board has continued to direct its attention to the varied problems of employment and unemployment created by the defense program, giving particular consideration to the Nation-wide need for workers in certain skilled occupations essential to the defense program and to unemployment caused by shortages of certain materials.

In July 1941, the 12 regional representatives of the Bureau of Employment Security were made acting chairmen of 12 regional labor supply committees established by the Labor Supply Branch, Labor Division, Office of Production Management, to coordinate activities for recruiting, training, and placing workers. These committees, which include representatives from labor and management as well as from other defense agencies, utilize the facilities of government, labor, and industry in the effort to assure an adequate supply of workers for the defense program and to provide suitable jobs for workers displaced by shortages of material.

To obtain information as far in advance as possible on the effect of shortages of materials in specific industries, plants, or communities, the Board initiated during October a program for anticipating the effects of curtailed production of certain commodities on the labor market. Personnel of the local employment offices visit plants whose operations will be affected by such curtailment to ascertain the number and type of workers to be laid off, the date of such lay-offs, the possibilities of converting the plant to defense production, the action being taken by the plant or community to care for displaced workers, and the possibility of absorbing displaced workers in other plants in the same labor-market area. A specific reporting procedure has been designed for this purpose so that appropriate action may be taken when

necessary to avert or mitigate the effects of large-scale lay-offs which might otherwise seriously disrupt the economic life of a community.

The regional labor supply committees also work in close cooperation with the Division of Contract Distribution, Office of Production Management. If investigation reveals that industrial plants affected by shortages of material can be adapted to defense production, the Division of Contract Distribution attempts to allocate suitable contracts. If conversion is not possible, the State employment offices register the displaced workers and refer them to openings in defense and other plants or, if necessary, arrange for their enrollment in training courses which will prepare them for specific defense occupations.

Men discharged from military service are receiving special attention from State employment offices. A reemployment committeeman appointed by the State selective service director acts as liaison and consultant between the soldier, his former employer, and the State employment service. The local employment offices assist directly in placing released men who are unsuccessful in obtaining reinstatement, those who were unemployed or in temporary jobs when they entered the armed forces, and men who because of occupational training while in military service hope to get better jobs or who for various reasons are unwilling to return to their former positions. Another direct means of aiding released soldiers was provided through the special defense referral offices that were established in October at each large camp, where full-time offices were operated to give immediate assistance to discharged soldiers in finding jobs if they had none upon their release from selective service.

At the request of the Civilian Technical Corps of the British Government, the United States Employment Service is helping to recruit workers for service in Great Britain as paid members of a noncombatant body of civilian craftsmen enrolled on a voluntary basis by the British Government to maintain and repair technical equipment used by naval, military, and air forces. Men needed in key defense jobs in American industries are not referred to the British Government, and arrangements provide for the return of American members at any time they are needed in the United States.

In all regions of the Board, family security committees are being appointed by the regional directors of defense health and welfare services as committees of the regional defense advisory councils to coordinate welfare services needed to meet problems created by expanding defense activities, both civilian and military. In eight regions, representatives of the Bureau of Public Assistance have been

appointed as chairmen of these committees. In one region the representative of the Federal Children's Bureau and in another a State commissioner of social welfare have been designated as chairmen. The work of these committees will include study of the needs of stranded or displaced families, the effects of increased living costs, and the problems attributable to selection of men for service and to the concentration of military and industrial activities in specific localities.

Administration

On August 7, 1941, the United States Senate confirmed the reappointment of George E. Bigge of Rhode Island as a member of the Social Security Board for a term expiring August 13, 1947. Mr. Bigge was first appointed on August 6, 1937, for the unexpired term of John G. Winant, who resigned.

Appropriations for carrying on the work of the Social Security Board during the fiscal year 1941-42 were provided in the Labor-Federal Security Appropriation Act, 1942, which was approved by the President on July 1. The act provides \$25.7 million for salaries and expenses of the Board; \$270.0 million for grants to States for old-age assistance; \$74.0 million for aid to dependent children; \$9.0 million for aid to the blind; \$62.5 million for State unemployment compensation and employment service administration; \$3.1 million for payments to States under the Wagner-Peyser Act; and \$1.5 million for selecting, testing, and placing defense workers.

At the request of the Arizona Employment Security Commission, after the effective date of newly enacted State legislation which precluded the State agency from fulfilling the requirements of the Wagner-Peyser Act, the Board, as of July 21, 1941, assumed responsibility for the operation of a public employment service in Arizona. This service is administered by the Bureau of Employment Security.

The personnel of the Board numbered 13,113 on October 31, 1941, an increase of 431 over June 30 which reflects expanding responsibilities under the defense program as well as increasing work loads in handling claims and benefits under the old-age and survivors insurance program.

Federal Legislation

The Revenue Act of 1941 allows further time within which a taxpayer may pay contributions into an unemployment fund under a State law and obtain credit against the Federal unemployment tax for the calendar years 1936-40. Credit is allowed on such contributions if paid into a State unemployment fund before the sixtieth day after

the enactment of the Revenue Act (September 20, 1941) and if a claim is made within 6 months of that date. Credit is also allowed on such contributions regardless of the date of payment with respect to wages for 1936-38 paid after September 19, 1939, or with respect to wages for all 5 years if the assets of the taxpayer are (at specified periods) in receivership or under the control of a court of competent jurisdiction. The maximum total credit allowable against the Federal tax is 90 percent.

Old-Age and Survivors Insurance

Monthly benefits payable to retired workers and their dependents and to survivors of deceased workers increased from \$6.8 million as of June 30, 1941, to \$8.2 million as of October 31, 1941. Of these amounts, 9.6 percent was in conditional-payment status on June 30, while 10.6 percent was in such status on October 31, reflecting an increasing tendency for retired workers and other beneficiaries to leave the monthly benefit rolls for covered employment. Increased employment opportunities probably explain also the decrease in claims received. Based on weekly averages, claims received in October from all types of claimants were 96.8 percent of the number received in June, while claims from retired workers in October were only 94.6 percent of the number received in June. Claims under the 1939 amendments received in the 4 months ended October 31, 1941, numbered 135,472, and 127,190 awards for monthly benefits or lump-sum payments were made in that period.

Some \$33.7 million was certified for payments during the period July 1-October 31. Of this amount, monthly benefits accounted for \$29.3 million, while lump-sum payments on behalf of workers who died leaving no one immediately entitled to monthly benefits totaled \$4.4 million. Lump-sum payments made under the provisions of the 1935 act, on behalf of workers who died before January 1940, amounted to \$46,258.

Taxes collected under the Federal Insurance Contributions Act and appropriated to the old-age and survivors insurance trust fund amounted to \$253.4 million in the July-October period, bringing the assets of the fund on October 31 to a total of \$2.6 billion, \$2.5 billion of which was invested in special Treasury notes.

Between June 30 and November 1, 2.7 million new employee accounts were established for the maintenance of workers' wage records, bringing the net total of employee accounts established to 58.6 million. The number of field offices in operation on October 31,

1941, was the same as on June 30—477. The number of branch offices remained at 13, but the office at Elgin, Illinois, was closed and an office at Santa Monica, California, was opened.

During the period July 1–October 31, the Bureau of Old-Age and Survivors Insurance received 853 requests from claimants for reconsideration of the facts involved in their insurance claims. In addition, 376 requests were made to the Appeals Council for hearings on disallowed claims. Of these appeals, approximately 94 percent related to benefit determinations and 6 percent to wage records. In this 4-month period, decisions were rendered in 276 cases heard by referees under the supervision of the Appeals Council, while the Council itself issued 43 decisions.

Employment Security

Placements in the 4 months following the close of the fiscal year continued their upward trend, with 546,000 jobs filled in September, the highest volume since December 1935. Complete placements numbered 2.1 million in the 4-month period, while supplementary placements, in which the employment service participated but did not itself perform all the functions, numbered 1.3 million. The active file of workers seeking jobs, maintained since March 1934, dropped to the lowest level on record; on October 31, 1941, only 4.2 million workers were registered.

During the summer months increased emphasis was placed on defense training courses to prepare inexperienced workers and recent school graduates for placement in professional, skilled, and semiskilled occupations. In July, August, and September, the employment offices referred a total of 101,300 persons for training in these courses and placed 25,100 trainees in jobs. There has been a gradual increase in the extent to which women have enrolled in woodworking, metalwork, and machine-shop courses.

Unemployment benefit payments continued to decline despite lay-offs resulting from shortages of materials and equipment. Benefit payments during the 4-month period were \$100.2 million, 43 percent less than in the corresponding period of 1940. The average number of workers receiving benefits in each week of the 4 months was as follows: July, 611,000; August, 680,000; September, 573,000; and October, 430,000.

Funds available for benefits increased, as would be expected with fuller employment resulting in both higher contributions and lower benefit payments. On October 31, \$2.4 billion was available for

benefits; of this amount, \$2.3 billion was held in the State accounts of the unemployment trust fund in the United States Treasury.

By October 31 the Social Security Board had certified a total of \$33.0 million for administration of State employment security programs for the period July–December 1941. Grants for administration of unemployment compensation under the Social Security Act accounted for \$31.5 million of this total, and grants for employment service under the Wagner-Peyser Act for \$1.5 million.

Public Assistance

Three State plans were approved after the close of the fiscal year. The Texas plans for aid to dependent children and aid to the blind were approved by the Board on September 26 and became effective immediately. An approved plan for old-age assistance had been in operation in the State since April 21, 1936. On October 28, the Board approved the Illinois plan for aid to dependent children, effective July 1, 1941; Illinois also has an approved plan for old-age assistance in operation. Of the 51 jurisdictions, including the 48 States, Alaska, Hawaii, and the District of Columbia, 42 are now administering programs for all three special types of public assistance under plans approved by the Social Security Board. Of the other 9 jurisdictions, 6 have approved plans for two types of public assistance, and 3 have approved plans only for old-age assistance.

Expenditures under approved State plans for payments to recipients of the three types of public assistance amounted to \$177.8 million in July–September. This amount represents payments from Federal, State, and local funds. Payments for old-age assistance accounted for the largest share, \$137.4 million; those for aid to dependent children totaled \$36.8 million; and those for aid to the blind amounted to \$3.6 million.

Recipients of old-age assistance numbered 2.2 million in September, a 1.7-percent increase over June. Families receiving aid to dependent children in September numbered 372,267. There were 50,421 recipients of aid to the blind in September.

By October 31, Federal grants to States with approved plans for public assistance had been certified to the Secretary of the Treasury for the period July 1–December 31, 1941, in the following amounts: old-age assistance, \$119.7 million; aid to dependent children, \$27.9 million; and aid to the blind, \$3.2 million. These grants include amounts for Federal participation in administrative expenses as well as in payments to recipients.

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Administrative Organization and Finance

General information on the organization of the Social Security Board, a chart showing the functions of its bureaus and offices, and lists of its regional and field offices are included in this appendix, with tables on Board employees (A-1), administrative expenditures (A-2), and advances certified to the States (A-4). Through the cooperation of the Treasury Department, tables are also presented on appropriations and expenditures under the Social Security Act and the Wagner-Peyser Act (A-3), financial operations of the old-age and survivors insurance trust fund (A-5) and unemployment trust fund (A-6, A-7), and collections under the Federal Unemployment Tax Act and the Federal Insurance Contributions Act (A-8).

Differences in source of data or timing of financial transactions account for slight variations in amounts appearing in these tables. Thus administrative expenses of the Board appear as obligations incurred in table A-2 and as checks cashed and returned to the Treasury in A-3; Federal grants to the States under the Social Security Act appear as advances certified by the Board in A-4 and as Treasury checks cashed in A-3; for similar grants under the Wagner-Peyser Act the fiscal-year amounts of advances certified (A-4) and Treasury checks issued (A-3) are identical. Figures for the old-age and survivors insurance trust fund (A-5) and unemployment trust fund (A-7) are on a checks-cashed basis.

Appendixes B, C, and D contain data on different stages or more inclusive financial operations of specific programs. Information on benefit payments under the old-age and survivors insurance program is given for payments certified by the Board (B-9) and payments in current, deferred, and conditional-payment status (B-6), while in A-5 figures for benefit payments represent checks cashed. State deposits in the unemployment trust fund (A-6) differ from State reports of collections (C-13) because of the time interval in making transfers from State clearing accounts to the fund in the Federal Treasury; State withdrawals from this fund for benefit payments (A-6) are not exactly equal to benefit payments (C-13) because States maintain balances in their benefit-payment accounts (C-13); total withdrawals from State accounts in the trust fund include, moreover, amounts transferred to the railroad unemployment insurance account (A-7); total funds available for benefit payments under State laws (C-13) represent the aggregate of sums in State clearing, benefit-payment, and trust fund accounts; approved budgets for administration of State employment security programs (C-2) represent Federal funds budgeted from amounts available under the Social Security and Wagner-Peyser Acts rather than advances certified (A-4) or checks cashed or issued (A-3) and include State and local funds on which Wagner-Peyser funds are conditioned. Payments to recipients of public assistance (D-7, D-8, D-9) are expenditures from Federal, State, and local funds, while Federal grants for these programs (A-4) are made on a matching basis and represent advances certified for the Federal share of administrative as well as assistance costs; administrative costs of the State programs appear in D-10.

Current data on the operations of all programs administered by the Board and on related social security measures appear monthly in the Social Security Bulletin and annually in the Social Security Yearbook. See page 206 for information on these and other publications.

SOCIAL SECURITY BOARD

- General policy formulation and general determination of legislation and procedure.
- Formulation of rules and regulations concerning public assistance, unemployment compensation, and old-age and survivors insurance provisions of the Social Security Act and rules relating to employment services under the Wagner-Peyser Act, promulgation of rules, regulations, and standards of efficiency.
- Applying State public assistance plans, State unemployment compensation laws, and rules and regulations under the Wagner-Peyser Act to Federal statutory provisions, and determining continuing conformity of such plans and laws.
- Certification of grants to States under the Social Security Act, and of expenditures and payments under the Wagner-Peyser Act.
- Certification of State unemployment compensation laws for purposes of normal and additional credit allowances against the Federal unemployment tax.
- Studying and making recommendations concerning methods of providing social security.

The Chairman of the Board is ex officio a member of the Board of Trustees of the Federal old-age and survivors insurance trust fund and participates in the preparation of its annual report to the Congress.

OFFICE OF APPEALS COUNCIL

Directing and supervising the holding of hearings with respect to appeals from the Board under the old-age and survivors insurance provisions of the Social Security Act, and the review of records maintained by the Board, reviews appeals from the appeals council serving in the several regions.

EXECUTIVE DIRECTOR

- Supervision, coordination, and direction of the bureau and offices.
- Supervision and direction of the Board's regional and Territorial offices.
- Coordination of Federal-State relations, providing an advisory service with respect to the development and maintenance of State social security systems of personnel administration.
- Direction and maintenance of all business management and administrative services, including in-service training.

OFFICE OF THE ACTUARY

- Consultant and adviser to the Board.
- Analysis of proposals affecting social security programs.
- Long-time actuarial studies.

OPERATING BUREAUS

BUREAU OF OLD-AGE AND SURVIVORS INSURANCE

- Establishing and maintaining laws and rules for all persons covered by the old-age and survivors insurance provisions of the Social Security Act.
- Adding prospective old-age and survivors insurance beneficiaries in developing their claims, resulting claims for monthly benefits or lump-sum death payments, and certifying approved claims to the Treasury Department for payment.
- Maintaining current records of old-age and survivors insurance beneficiaries and of changes in their status and advising the Treasury Department of such changes.
- Maintaining contacts with officials of other Federal agencies and of State and local governments, and with employer and employee individuals and groups to facilitate the provisions of title II of the Social Security Act, and to aid the Treasury Department in carrying out the provisions of the Federal Insurance Contributions Act.
- Conducting such analytical, economic, statistical, and actuarial studies as are necessary for the planning of a coordinated and efficient administration of the old-age and survivors insurance provisions of the Social Security Act.
- Conducting, through regional and field offices, all field activities involved in the old-age and survivors insurance program, i. e., payment of account statements, development of claims, adjustment of wage-base discrepancies, and other related activities.
- Conducting technical training courses within the Bureau, coordinating all training activities of the Bureau, and conducting training programs and instructing the new Federal Bureau of Investigation, Training Division, office of the Executive Director.

BUREAU OF EMPLOYMENT SECURITY

- Assisting State agencies in developing and maintaining coordinated Nation-wide systems of public assistance service and unemployment insurance by means of:
 - Developing principles and standards of procedure in facilitating employment and the prompt payment of benefits to those who become unemployed and ineligibility.
 - Developing fiscal standards and procedures and methods of business management; providing technical assistance to States concerning health, administrative, and procedural problems; providing materials and technical assistance to State agencies in the development of training programs.
- Providing a clearing house for State and Federal agencies in developments in the field of employment security, publishing State preventions thereof in specialized reviews and bulletins.
- Developing statistical reporting procedures, aiding State agencies in their statistical programs and in research and statistical matters.
- Maintaining in cooperation with State agencies a veterans' placement service and a farm placement service, and aiding in the development of other special placement services.
- Developing facilities for interstate and interstate clearance of labor, and in cooperation with other Federal and State agencies providing coordination and supervision essential to determining and mobilizing needs through the State employment offices, for recruitment of labor for Federal defense and other related activities.
- Maintaining an employment service in the District of Columbia.
- Recommending for the Board's approval the amount and character of the grants to States for administration of their employment security programs.

- Reporting to the Board regarding the conformity of State unemployment compensation laws with the requirements of the Social Security Act, and of State plans for systems of public employment offices with the requirements of the Wagner-Peyser Act, and advising the Board with respect to the requirements of State agency administration in meeting the requirements of these acts.
- Studying the operation of the State employment security programs and reporting to the Board trends and significant developments in this field; assisting the Board in studying and recommending effective methods of providing social security through the employment security programs.
- Obtaining data and conducting research for appraisals, current program administration and for providing basic materials and analyses needed for policy decision-making modifications.

BUREAU OF PUBLIC ASSISTANCE

- Assisting States with respect to proposed State legislation relating to eligible categories, aid to the blind, and aid to dependent children, and assisting State agencies to prepare plans for the administration of these types of public assistance programs; such plans are submitted for the Board's approval, reporting on the Board as to the conformity of proposed plans with Federal law, policy, and standards.
- Assisting State agencies in a representative manner with the appropriate relationship to other State and local welfare programs; providing consultative services to State agencies with respect to administrative problems relating to public assistance.
- Maintaining a current appraisal of conformity of State agencies with the requirements of the Social Security Act relating to eligibility of persons for old-age assistance, aid to the blind, and aid to dependent children, and advising the Board with respect to continued conformity of the administration of public assistance by State agencies with the requirements of the Social Security Act and approved State plans.
- Examining public assistance estimates submitted by States and recommending to the Board the amounts of grants to be made to States.
- Cooperating with other State and Federal agencies concerned with activities relating to public assistance.
- Collecting statistics and conducting research on operations and methods of State and local public assistance agencies coming under the Social Security Act and on current and standard of conditions and on supplementary services in these agencies; collecting and analyzing reports on public assistance; collecting data on public and private institutions with data relating to the non-Federal programs such as the Federal work program.
- Studying the operation of State public assistance agencies and reporting to the Board trends and significant developments in the field; developing, for Board consideration, standards of operations and interpretations of Federal public law or the efficient administration of State public assistance programs; assisting the Board in studying and recommending effective methods of providing social security through these acts.

BUREAU OF ACCOUNTS AND AUDITS

- Maintaining fund accounts covering the Board's expenditures, preparing budgetary data, and conducting administrative audits of Board expenditures.
- Conducting field audits pertaining to State employment security administration.
- Conducting field audits pertaining to public assistance programs administered by States for Federal matching of cost-sharing programs have been established to individuals determined by the State, as evidenced by authorizations of administrative expenditures are made by the Federal Government in any expenditure is accurately and promptly reported or submitted to the United States.
- Advising the Board as to the availability of State and local funds for matching Federal public assistance grants and advising the Board as to the amounts of such grants.
- Advising the Bureau of Employment Security of information pertaining to State employment security administration derived from field audit reports submitted to the Board and recommending to the Board the amounts of such grants.
- Certifying the adequacy of appropriation balances to meet grants for public assistance or for employment security administration activities approved by the Board or the appropriate officials, forwarding vouchers and supporting documents to the Secretary of the Treasury.
- Advising the Board, the regional directors, and the Bureau of Public Assistance and Employment Security as to the need of State administrative and financial procedures to account for funds granted by the Board to the State for public assistance and public assistance on the fund phases of State plans.

SERVICE BUREAUS

BUREAU OF RESEARCH AND STATISTICS

- Conducting basic research and statistical activities necessary to assist the Board in the development of the immediate future of particular programs; planning and conducting inquiries and analysis relating to problems of health, economy, and stability, including study of the extent and character of rising risks; exploration of methods of providing social security against them, and preparation of analyses and recommendations as to effectiveness, cost, and practicability of alternative measures.
- Studying problems incident to financial operations under the Social Security Act and making analyses of economic and financial resources available for the financing of social security programs, including examination of proposals for modifications in financial provisions for insurance and assistance measures and analysis of existing grant-in-aid provisions of the Social Security Act in relation to fiscal capacity and tax structure of the States.
- Conducting research in problems of measuring the effectiveness of individual and combined social insurance and social welfare programs, and in problems of overpopulation, the Nation, or even in benefits among the several programs, with a view to determining effective methods of coordinating these programs.
- Providing research coordination and related services to facilitate cooperation and changes among the several bureaus and offices of the Board which conduct research; maintaining continuing general review of research and statistical activities throughout the Board; planning and coordinating research by advising the Executive Director in planning and supervising the research activities of the Bureau of Research and Statistics, the Bureau of Public Assistance, and the Bureau of Old-Age and Survivors Insurance, and the offices of the Board for the development of uniform and consistent methods.
- Preparing the Annual Report of the Board; planning and coordinating the preparation of the annual reports of the Board, the regional directors, and the appropriate technical staffs, reviewing, and editing the reports; preparing the Board's annual report to the Congress; preparing other Board publications of a professional and technical character.

INFORMATIONAL SERVICE

- Planning and conducting a Nation-wide program to bring about public understanding of the provisions of the Social Security Act and the Wagner-Peyser Act which are administered by the Board; particularly, to inform employees, employers, and the general public as to their benefits, rights, and responsibilities under these provisions.
- Providing information to and handling inquiries and requests from the press, radio, broadcasters, and other channels of public information and education to facilitate accuracy and adequacy of their information of information concerning the Social Security and Wagner-Peyser Acts and their administration.
- Preparing pamphlets and other official material explaining the provisions of these acts for distribution to the public.
- Advising the Board and its executive staff concerning matters of public information and public relations.
- Advising and assisting State agencies administering public assistance, unemployment compensation, and employment service systems in the planning and execution of informational programs.

REGIONAL OFFICES

Regional Directors

BUREAU REPRESENTATIVES:
OLD-AGE AND SURVIVORS INSURANCE
EMPLOYMENT SECURITY
PUBLIC ASSISTANCE
ACCOUNTS AND AUDITS
INFORMATIONAL SERVICE
STATISTICAL ADVISORY SERVICE

Consulting with such experts the old-age and survivors insurance, employment security, and public assistance activities as the Board may deem necessary in accounting and budgeting, informational, and statistical advisory services.

Legal services relating to the social security program are furnished by the regional attorneys, attached to each regional office, who is a member of the staff of the Office of the General Counsel of the Federal Security Administration.

TERRITORIAL OFFICES

Territorial Directors

OLD-AGE AND SURVIVORS INSURANCE FIELD OFFICES

*Personal services are provided to the Board through the Division of Personal Services and Management of the Federal Security Agency, and legal services through its Office of the General Counsel.

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Administrative Organization and Finance

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Differences in source of data or timing of financial transactions account for slight variations in amounts appearing in these tables. Thus administrative expenses of the Board appear as obligations incurred in table A-2 and as checks cashed and returned to the Treasury in A-3; Federal grants to the States under the Social Security Act appear as advances certified by the Board in A-4 and as Treasury checks cashed in A-3; for similar grants under the Wagner-Peyser Act the fiscal-year amounts of advances certified (A-4) and Treasury checks issued (A-3) are identical. Figures for the old-age and survivors insurance trust fund (A-5) and unemployment trust fund (A-7) are on a checks-cashed basis.

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Current data on the operations of all programs administered by the Board and on related social security measures appear monthly in the Social Security Bulletin and annually in the Social Security Yearbook. See page 206 for information on these and other publications.

ORGANIZATION OF THE SOCIAL SECURITY BOARD

Regional and Territorial Offices

Region

- I. Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut. Regional director: John F. Hardy, Social Security Board, 120 Boylston Street, Boston, Mass.
- II. New York. Regional director: Anna M. Rosenberg, Social Security Board, 11 West Forty-second Street, New York, N. Y.
- III. New Jersey, Pennsylvania, Delaware. Regional director: William L. Dill, Social Security Board, Juniper and Chestnut Streets, Philadelphia, Pa.
- IV. Virginia, West Virginia, North Carolina, Maryland, District of Columbia. Regional director: G. R. Parker, Social Security Board, Arlington Building, 1025 Vermont Avenue, Washington, D. C.
- V. Kentucky, Ohio, Michigan. Regional director: Robert C. Goodwin, Social Security Board, Euclid Avenue and East Ninth Street, Cleveland, Ohio.
- VI. Illinois, Indiana, Wisconsin. Regional director: Henry L. McCarthy, Social Security Board, United States Courthouse Building, Chicago, Ill.

Region

- VII. Tennessee, Mississippi, Alabama, Georgia, Florida, South Carolina. Regional director: Richard H. Lyle, Social Security Board, First Avenue and Nineteenth Street, Birmingham, Ala.
- VIII. Iowa, Minnesota, North Dakota, South Dakota, Nebraska. Regional director: Fred M. Wilcox, Social Security Board, Federal Office Building, Minneapolis, Minn.
- IX. Missouri, Kansas, Arkansas, Oklahoma. Regional director: Ed McDonald, Social Security Board, 1006 Grand Avenue, Kansas City, Mo.
- X. Louisiana, Texas, New Mexico. Regional director: James B. Marley, Social Security Board, North Presa and East Houston Streets, San Antonio, Tex.
- XI. Montana, Idaho, Utah, Colorado, Arizona, Wyoming. Regional director: Heber R. Harper, Social Security Board, 1706 Welton Street, Denver, Colo.
- XII. California, Oregon, Washington, Nevada. Regional director: Richard M. Neustadt, Social Security Board, 785 Market Street, San Francisco, Calif.

Alaska. Territorial director: Hugh J. Wade, Social Security Board, Territorial Building, Juneau, Alaska.

Hawaii. Territorial director: Robert W. Beasley, Social Security Board, Federal Building, Honolulu, Hawaii.

Field Offices, by Region and State, as of June 30, 1941

REGION I

Connecticut: Bridgeport, Hartford, Meriden, New Britain, New Haven, New London, Stamford, Torrington, Waterbury, Willimantic.

Maine: Augusta, Bangor, Lewiston, Portland.

Massachusetts: Attleboro, Boston (2), Brockton, Cambridge, Chelsea, Fall River, Fitchburg, Haverhill, Holyoke, Lawrence, Lowell, Lynn, Malden, New Bedford, Pittsfield, Quincy, Salem, Springfield, Waltham, Worcester.

New Hampshire: Concord, Littleton, Manchester, Nashua, Portsmouth.

Rhode Island: Newport, Pawtucket, Providence, Woonsocket.

Vermont: Burlington, Montpelier, Rutland.

REGION II

New York: Albany, Auburn, Binghamton, Buffalo, Elmira, Glens Falls, Gloversville, Ithaca, Jamestown, Kingston, Newburgh, New Rochelle, New York City (Manhattan, 3; Bronx, 2; Brooklyn, 2; Jamaica; Long Island City; Staten Island), Niagara Falls, Ogdensburg, Oswego, Plattsburg, Poughkeepsie, Rochester, Schenectady, Syracuse, Troy, Utica, Watertown, Yonkers.

REGION III

Delaware: Wilmington.

New Jersey: Atlantic City, Bayonne, Bridgeton, Camden, Elizabeth, Jersey City, Newark, Passaic, Paterson, Perth Amboy, Trenton.

Pennsylvania: Allentown, Altoona, Ambbridge, Chester, Du Bois,¹ Easton,¹ Erie, Greensburg, Harrisburg, Hazleton, Johnstown, Lancaster, McKeesport, New Castle, New Kensington, Norristown,¹ Oil City, Philadelphia County (Philadelphia; Germantown; Kensington), Pittsburgh, Pottsville, Reading, Scranton, Sharon, Turtle Creek, Uniontown, Wilkes-Barre, Williamsport, York.

REGION IV

District of Columbia: Washington.

Maryland: Annapolis,¹ Baltimore, Cumberland, Hagerstown, Salisbury.

North Carolina: Asheville, Charlotte, Durham, Fayetteville, Gastonia,¹ Goldsboro, Greensboro, Hickory,¹ High Point,¹ Raleigh, Rocky Mount, Salisbury, Wilmington, Winston-Salem.

Virginia: Alexandria, Bristol, Danville, Lynchburg, Newport News, Norfolk, Petersburg, Richmond, Roanoke, Staunton.

West Virginia: Beckley, Bluefield, Charleston, Clarksburg, Huntington, Logan, Martinsburg, Morgantown, Parkersburg, Wheeling.

REGION V

Kentucky: Ashland, Bowling Green, Covington, Frankfort, Hazard, Lexington, Louisville, Middlesboro, Owensboro, Paducah.

Michigan: Battle Creek, Bay City, Detroit and Wayne County (Detroit, 2; Dearborn; Highland Park), Escanaba, Flint, Grand Rapids, Jackson, Kalamazoo, Lansing, Marquette, Muskegon, Pontiac, Saginaw, Traverse City.

Ohio: Akron, Ashtabula, Canton, Cincinnati, Cleveland, Columbus, Dayton, Hamilton, Lima, Lorain, Mansfield, Marion, Nelsonville, Portsmouth, Springfield, Toledo, Warren, Youngstown, Zanesville.

REGION VI

Illinois: Aurora, Bloomington, Campaign, Chicago and Cook County (Chicago, 5; Cicero; Evanston; Harvey; Oak Park), Danville, Decatur, East Saint Louis, Galesburg, Harrisburg, Joliet, Mount Vernon, Peoria, Quincy, Rockford, Rock Island, Springfield, Waukegan.

Indiana: Anderson, Bloomington, Elkhart, Evansville, Fort Wayne, Gary, Hammond, Indianapolis, Kokomo, La Fayette, Muncie, New Albany, Richmond, South Bend, Terre Haute.

¹ Opened during fiscal year 1940-41.

Wisconsin: Eau Claire, Fond du Lac, Green Bay, Janesville, La Crosse, Madison, Milwaukee, Oshkosh, Racine, Sheboygan, Superior, Wausau.

REGION VII

Alabama: Anniston, Birmingham, Decatur, Dothan, Gadsden, Mobile, Montgomery, Tuscaloosa.

Florida: Gainesville, Jacksonville, Miami, Orlando, Pensacola, Saint Petersburg, Tallahassee, Tampa, West Palm Beach.

Georgia: Albany, Athens, Atlanta, Augusta, Columbus, La Grange, Macon, Rome, Savannah, Valdosta, Waycross.

Mississippi: Columbus, Greenwood, Gulfport, Hattiesburg, Jackson, Meridian, Tupelo,¹ Vicksburg.

South Carolina: Anderson, Charleston, Columbia, Florence, Greenville, Greenwood, Rock Hill, Spartanburg.

Tennessee: Chattanooga, Columbia, Dyersburg, Jackson, Johnson City, Knoxville, Memphis, Nashville.

REGION VIII

Iowa: Cedar Rapids, Davenport, Des Moines, Dubuque, Fort Dodge, Ottumwa, Sioux City, Waterloo.

Minnesota: Albert Lea, Bemidji, Duluth, Minneapolis, Redwood Falls, Saint Cloud, Saint Paul, Winona.

Nebraska: Alliance, Grand Island, Lincoln, North Platte, Omaha.

North Dakota: Bismarek, Fargo, Grand Forks.

South Dakota: Aberdeen, Huron, Rapid City, Sioux Falls.

REGION IX

Arkansas: El Dorado, Fort Smith, Harrison, Hot Springs, Jonesboro, Little Rock, Pine Bluff, Texarkana.

Kansas: Atchison, Dodge City, Goodland, Hutchinson, Independence, Kansas City, Pittsburg, Salina, Topeka, Wichita.

Missouri: Cape Girardeau, Clayton, Hannibal, Jefferson City, Joplin, Kansas City, Poplar Bluff, Saint Joseph, Saint Louis (2), Sedalia, Springfield.

Oklahoma: Antlers, Ardmore, Clinton, Enid, Lawton, Muskogee, Oklahoma City, Ponca City, Shawnee, Tulsa.

REGION X

Louisiana: Alexandria, Baton Rouge, Lake Charles, Monroe, New Orleans, Shreveport.

New Mexico: Albuquerque, Roswell, Santa Fe.

Texas: Abilene, Amarillo, Austin, Beaumont, Big Spring, Brownsville, Corpus Christi, Dallas, El Paso, Fort Worth, Galveston, Houston, Laredo, Lubbock, Lufkin, Paris, San Angelo, San Antonio, Tyler, Waco, Wichita Falls.

REGION XI

Arizona: Flagstaff, Globe, Phoenix, Prescott, Tucson.

Colorado: Alamosa, Colorado Springs, Denver, Grand Junction, Greeley, Pueblo, Trinidad.

Idaho: Boise, Pocatello, Twin Falls.

Montana: Billings, Butte, Great Falls, Havre, Helena, Miles City.

Utah: Ogden, Richfield, Salt Lake City.

Wyoming: Casper, Cheyenne, Rock Springs, Sheridan.

REGION XII

California: Bakersfield, Eureka, Fresno, Los Angeles County (Glendale; Hollywood; Huntington Park; Long Beach; Los Angeles; Pasadena), Oakland, Redding, Sacramento, San Bernardino, San Diego, San Francisco, San Jose, San Mateo, Santa Barbara, Santa Rosa, Stockton.

Idaho: Lewiston.

Nevada: Las Vegas, Reno.

Oregon: Eugene, Klamath Falls, La Grande, Portland, Salem.

Washington: Aberdeen, Bellingham, Olympia, Seattle, Spokane, Tacoma, Yakima.

Territorial: Juneau, Alaska; Honolulu, Hawaii.

¹ Opened during fiscal year 1940-41.

Branch Offices, by Region and State, as of June 30, 1941

REGION I

Massachusetts: Dorchester.

REGION IV

North Carolina: New Bern,¹ North Wilkesboro.

Virginia: Pulaski.

West Virginia: Welch.

REGION V

Kentucky: Harlan.

REGION VI

Illinois: Elgin.

Indiana: East Chicago.

Wisconsin: Kenosha.

REGION XI

Colorado: Boulder.

Montana: Missoula.¹

Utah: Provo.¹

Territorial: Hilo,¹ Hawaii.

¹ Opened during fiscal year 1940-41.

Number of Stations With Itinerant Service, by Region and State, as of June 30, 1941

		Number	
Total	1,974		
REGION I	124	REGION VII—Contd.	
Connecticut	31	Georgia	41
Maine	23	Mississippi	46
Massachusetts	36	South Carolina	21
New Hampshire	13	Tennessee	112
Rhode Island	1	REGION VIII	90
Vermont	20	Iowa	26
REGION II	117	Minnesota	24
New York	117	Nebraska	35
REGION III	100	South Dakota	5
Delaware	3	REGION IX	178
New Jersey	19	Arkansas	42
Pennsylvania	78	Kansas	50
REGION IV	193	Missouri	40
District of Columbia	5	Oklahoma	46
Maryland	27	REGION X	256
North Carolina	77	Louisiana	46
Virginia	51	New Mexico	17
West Virginia	33	Texas	193
REGION V	258	REGION XI	56
Kentucky	69	Arizona	9
Michigan	77	Colorado	27
Ohio	112	Idaho	7
REGION VI	208	Montana	6
Illinois	73	Utah	2
Indiana	68	Wyoming	5
Wisconsin	67	REGION XII	60
REGION VII	316	California	42
Alabama	63	Oregon	5
Florida	33	Washington	13
		TERRITORIAL	18
		Hawaii	18

Table A-1.—*Personnel of the Social Security Board, by office and bureau and by departmental and field service, June 30, 1941*¹

Office and bureau	Total	Departmental	Field
Total.....	12,682	8,066	4,616
Office of the Board.....	20	18	2
Office of the Actuary.....	18	18	0
Office of Appeals Council.....	29	10	19
Office of the Executive Director.....	740	733	7
Regional offices.....	442	0	442
Bureau of Employment Security.....	1,289	1,115	174
Bureau of Old-Age and Survivors Insurance.....	9,353	5,633	3,720
Bureau of Public Assistance.....	316	224	92
Bureau of Research and Statistics.....	148	122	26
Bureau of Accounts and Audits.....	259	144	115
Informational Service.....	68	49	19

¹ Personnel of the Office of the General Counsel and of certain divisions of the Bureau of Business Management were transferred to the Office of the Administrator, Federal Security Agency, during fiscal year 1939-40 but remained on the Social Security Board pay roll until July 1, 1940; personnel of remaining divisions of the Bureau of Business Management were transferred to the Office of the Executive Director. During fiscal year 1940-41, personnel and functions of public assistance research were transferred from the Bureau of Research and Statistics to the Bureau of Public Assistance.

Table A-2.—*Administrative expenditures of the Social Security Board for the fiscal year 1940-41*¹

Administrative expenditures, total.....	\$26,503,543	
General expenses.....	4,287,788	
Stationery and office supplies.....	\$462,253	
Printed forms.....	158,392	
Printing and binding (other than printed forms).....	528,809	
Furniture and equipment.....	449,846	
Storage and care of vehicles.....	425	
Rental of office space.....	1,010,433	
Rental of equipment.....	958,414	
Operating and maintenance expenses (guard, elevator, and cleaning services).....	206,928	
Heat, light, power, and water.....	61,965	
Repairs and alterations.....	47,644	
Telegraph.....	33,426	
Telephone.....	223,183	
Other communication services.....	21,960	
Freight and express charges.....	53,675	
Advertising and publication of notices.....	330	
Special and miscellaneous current expenses.....	70,105	
Salaries and travel.....	22,215,755	
Total.....	\$20,693,515	\$1,522,240
Office of the Board.....	69,798	2,561
Office of the Actuary.....	63,508	648
Office of Appeals Council.....	101,724	18,339
Office of the Executive Director.....	1,147,342	45,884
Regional offices.....	668,563	28,746
Bureau of Employment Security.....	2,394,146	443,769
Bureau of Old-Age and Survivors Insurance.....	14,305,989	718,537
Bureau of Public Assistance.....	776,609	104,993
Bureau of Research and Statistics.....	303,665	13,387
Bureau of Accounts and Audits.....	654,346	116,666
Informational Service.....	207,825	28,710

¹ See table A-1, footnote 1.

Table A-3.—Federal appropriations and expenditures for administrative expenses and grants to States under the Social Security Act ¹ and the Wagner-Peyser Act for the fiscal years 1939-40 and 1940-41

[In thousands ²]

Item	Fiscal year 1939-40		Fiscal year 1940-41	
	Appropriations ³	Expenditures ⁴	Appropriations ³	Expenditures ⁴
Total.....	\$387,344	\$382,417	\$443,894	\$449,866
SOCIAL SECURITY ACT				
Total.....	383,844	379,139	440,894	446,682
Administrative expenses.....	25,188	22,638	27,694	31,615
Federal Security Agency, Social Security Board ⁵	24,750	22,222	27,220	25,668
Department of Labor, Children's Bureau.....	338	323	364	362
Department of Commerce, Bureau of the Census.....	100	93	110	113
Department of the Treasury ⁶	(7)	(7)	(7)	5,373
Grants to States.....	358,655	356,501	413,200	415,167
Federal Security Agency.....	349,000	346,955	402,000	404,111
Social Security Board.....	339,500	337,516	391,000	393,338
Old-age assistance.....	225,000	227,633	245,000	260,080
Aid to dependent children.....	45,000	45,380	75,000	63,222
Aid to the blind.....	8,000	6,168	10,000	7,069
Unemployment compensation administration.....	61,500	58,335	61,000	62,967
Public Health Service: Public health work.....	9,500	9,439	11,000	10,773
Department of Labor, Children's Bureau.....	9,655	9,546	11,200	11,056
Maternal and child health services.....	4,800	4,767	5,820	5,536
Services for crippled children.....	3,350	3,291	3,870	3,986
Child welfare services.....	1,505	1,487	1,510	1,534
WAGNER-PEYSER ACT ⁷				
Grants to States:				
Federal Security Agency, Social Security Board, Employment service.....	3,500	3,278	3,000	3,184

¹ Excludes some funds appropriated and expended under the Social Security Act, because they are not separated from other Federal funds for similar purposes. Such is the case with funds for vocational rehabilitation for which \$111,500 was appropriated for 1939-40 and \$113,000 for 1940-41 for administration in the Office of Education, and \$1,938,000 for 1939-40 and \$2 million for 1940-41 for grants to States. For disease and sanitation investigations of the Public Health Service, appropriations were \$1,640,000 for 1939-40 and \$1,625,000 for 1940-41 in addition to grants to States shown in this table.

² Totals represent sums of unrounded figures; therefore may differ slightly from sums of rounded amounts.

³ Excludes unexpended balance of appropriations for previous fiscal year. Appropriations for 1939-40 include additional appropriations of \$17.3 million approved Aug. 9, 1939.

⁴ Under the Social Security Act, based on checks cashed and returned to the Treasury; under the Wagner-Peyser Act, based on checks issued by the Treasury. Includes expenditures from reappropriated balance of appropriations for previous fiscal year.

⁵ Includes amounts expended by the Board in administration of title II of the Social Security Act, reimbursed to general fund of the Treasury. In 1940-41 includes amounts expended in administration of the Wagner-Peyser Act.

⁶ Represents amounts expended by the Treasury in administration of title II of the Social Security Act and the Federal Insurance Contributions Act, reimbursed to general fund of the Treasury.

⁷ Not available.

⁸ Includes grants to States certified by the Social Security Board for employment service administration to meet requirements of unemployment compensation program.

⁹ Administrative expenses in 1940-41 included in administrative expenses of the Social Security Board under the Social Security Act; in 1939-40, merged with "other" expenditures of the Federal Security Agency.

Source: Various Federal appropriation acts (appropriations); Daily Statement of the U. S. Treasury (expenditures under the Social Security Act); Social Security Board, Bureau of Accounts and Audits (expenditures under the Wagner-Peyser Act).

Table A-4.—Federal grants to States: Advances certified by the Social Security Board to the Secretary of the Treasury for public assistance and for administration of unemployment compensation and State employment services for the fiscal year 1940-41

[In thousands; data corrected to Aug. 20, 1941]

State	Total grants	Public assistance			Employment security	
		Old-age assistance	Aid to dependent children	Aid to the blind	Under Social Security Act	Under Wagner-Peyser Act
Total.....	\$395, 586	\$259, 875	\$62, 992	\$7, 073	¹ \$62, 462	\$3, 184
Alabama.....	2, 512	1, 204	563	36	644	65
Alaska.....	346	272	(²)	(²)	64	10
Arizona.....	2, 349	1, 476	525	64	271	13
Arkansas.....	2, 133	1, 085	491	60	452	45
California.....	46, 226	35, 844	3, 698	1, 858	4, 683	143
Colorado.....	8, 916	7, 183	1, 134	120	453	26
Connecticut.....	4, 369	2, 952	(²)	31	¹ 1, 345	41
Delaware.....	520	169	127	(²)	213	11
District of Columbia.....	1, 118	544	222	39	313	(²)
Florida.....	4, 256	2, 892	490	214	623	37
Georgia.....	3, 839	2, 144	628	104	888	75
Hawaii.....	559	149	271	8	116	15
Idaho.....	2, 143	1, 274	504	41	253	11
Illinois.....	24, 338	19, 445	(²)	(²)	4, 708	185
Indiana.....	12, 434	7, 495	2, 910	323	1, 624	82
Iowa.....	8, 112	7, 258	(²)	229	555	70
Kansas.....	5, 186	3, 412	1, 097	197	415	65
Kentucky.....	3, 898	3, 066	(²)	(²)	765	67
Louisiana.....	5, 769	2, 555	2, 296	126	741	51
Maine.....	2, 673	1, 719	331	157	447	19
Maryland.....	4, 347	1, 983	1, 455	90	779	40
Massachusetts.....	21, 593	15, 333	2, 840	171	3, 146	103
Michigan.....	15, 328	8, 144	3, 978	153	2, 929	124
Minnesota.....	11, 620	8, 185	1, 956	171	1, 246	62
Mississippi.....	1, 906	1, 359	54	55	389	49
Missouri.....	14, 735	10, 829	2, 167	(²)	1, 628	111
Montana.....	2, 237	1, 469	445	32	277	14
Nebraska.....	4, 840	3, 287	1, 069	92	356	36
Nevada.....	559	385	(²)	(²)	163	11
New Hampshire.....	1, 390	871	139	48	319	13
New Jersey.....	9, 014	3, 939	2, 005	126	2, 842	102
New Mexico.....	1, 069	502	345	28	184	10
New York.....	33, 519	17, 922	6, 483	478	8, 331	305
North Carolina.....	4, 730	2, 847	1, 029	200	1, 070	84
North Dakota.....	1, 688	931	499	34	207	17
Ohio.....	25, 175	19, 066	2, 073	520	3, 387	129
Oklahoma.....	12, 120	9, 288	1, 918	248	607	59
Oregon.....	3, 815	2, 571	377	68	775	24
Pennsylvania.....	28, 656	12, 538	10, 286	(²)	5, 559	273
Rhode Island.....	1, 898	859	299	9	714	17
South Carolina.....	1, 768	847	298	53	528	42
South Dakota.....	2, 082	1, 754	128	29	154	17
Tennessee.....	5, 220	2, 511	1, 609	111	913	76
Texas.....	12, 541	10, 277	(²)	(²)	2, 080	184
Utah.....	3, 114	2, 058	727	32	285	12
Vermont.....	943	673	120	21	219	10
Virginia.....	2, 883	1, 281	596	86	860	60
Washington.....	9, 545	7, 296	1, 015	207	987	40
West Virginia.....	3, 983	1, 586	1, 483	97	772	45
Wisconsin.....	10, 702	7, 232	2, 097	283	1, 016	74
Wyoming.....	870	514	155	24	167	10

¹ Includes amounts certified for payment into railroad unemployment insurance account in accordance with the Railroad Unemployment Insurance Act, sec. 13. Connecticut State law does not provide for authorization by the State to the Secretary of the Treasury to transfer funds from State account to railroad unemployment insurance account in unemployment trust fund. In accordance with the Railroad Unemployment Insurance Act, sec. 13, therefore, Connecticut withdrew from unemployment trust fund amounts for administrative expenses under unemployment compensation law.

² No plan approved by the Social Security Board.

³ Funds for District of Columbia employment service merged with administrative funds of the Social Security Board.

Table A-5.—*Old-age and survivors insurance trust fund: Financial operations, by fiscal year, 1936-37—1940-41, and by month, fiscal year 1940-41*[In millions ¹]

Period	Receipts ²		Expenditures		Assets at end of period				
	Contributions appropriated ³	Interest	Benefit payments	Reimbursement for administrative expenses	Total	Investments		Credit of fund account	Credit of disbursing officer
						3-percent special Treasury notes	2½-percent special Treasury notes		
Cumulative through June 1941.....	\$688.1	\$143.1	\$99.5	\$39.1	\$2,397.6	\$1,052.5	\$1,328.1	\$6.2	\$10.8
Fiscal year:									
1936-37.....		2.3	(4)	-----	267.2	267.1	-----	.1	.1
1937-38.....		15.4	5.4	-----	777.2	662.3	-----	113.0	1.9
1938-39.....		27.0	13.9	-----	1,180.3	1,177.2	-----	.1	3.0
1939-40.....		42.5	15.8	12.3	1,744.7	1,413.2	324.9	.5	6.1
1940-41.....	688.1	56.0	64.3	26.8	2,397.6	1,052.5	1,328.1	6.2	10.8
1940									
July.....	38.1	(4)	3.1	2.2	1,777.4	1,408.2	324.9	36.4	8.0
August.....	121.4	(4)	3.6	2.2	1,893.1	1,403.2	324.9	155.6	9.4
September.....	2.8	.1	3.9	2.2	1,839.8	1,391.7	483.9	3.8	10.4
October.....	34.5	(4)	4.9	2.4	1,917.0	1,386.7	483.9	36.0	10.4
November.....	125.1	.1	4.8	2.4	2,035.0	1,381.7	453.9	158.8	10.6
December.....	3.1	.2	5.2	2.4	2,030.7	1,369.6	646.9	3.8	10.4
1941									
January.....	33.9	.2	5.4	2.1	2,057.3	1,359.6	646.9	35.8	15.0
February.....	134.4	.1	5.9	2.1	2,183.8	1,354.6	646.9	168.2	14.1
March.....	2.6	.2	6.7	2.1	2,177.8	1,343.4	817.9	4.2	12.3
April.....	39.2	.2	6.8	2.2	2,208.3	1,333.4	817.9	41.5	15.5
May.....	149.7	.1	7.0	2.2	2,349.0	1,328.4	817.9	189.1	13.5
June.....	3.3	54.7	7.1	2.2	2,397.6	1,052.5	1,328.1	6.2	10.8

¹ Totals represent sums of unrounded figures; therefore may differ slightly from sums of rounded amounts.² Transfers to trust fund from appropriations for this purpose totaled \$1,705 million as of June 30, 1940; for fiscal year 1936-37, \$265 million was transferred; for 1937-38, \$387 million; for 1938-39, \$503 million; and for 1939-40, \$550 million.³ Beginning July 1940, trust fund appropriations equal taxes collected under the Federal Insurance Contributions Act. Data differ slightly from those of table A-8 which are based on warrants covered into the Treasury by the Bookkeeping and Warrants Division of the Treasury Department.⁴ Less than \$50,000.

Source: Compiled from data in the Daily Statement of the U. S. Treasury.

Table A-6.—Unemployment trust fund: Deposits, interest, and withdrawals, by State, fiscal year 1940-41¹

Account	Balance, June 30, 1940	Deposits	Interest	Transfers from State accounts to railroad unemployment insurance account	Withdrawals for benefit payments	Balance, June 30, 1941
Total.....	\$1,722,461,463.07	\$1,063,964,955.05	\$48,952,549.64	\$104,099,950.87	\$452,703,340.99	\$2,278,575,675.90
State accounts, total.....	1,692,210,137.81	891,017,732.54	45,893,117.10	104,099,950.87	433,703,340.99	2,091,317,695.59
Alabama.....	14,281,289.39	10,760,000.00	436,094.49	-----	4,130,000.00	21,347,383.88
Alaska.....	983,812.38	678,006.57	27,003.66	13,378.48	450,000.00	1,225,444.03
Arizona.....	2,985,371.80	2,145,754.37	82,866.74	338,234.97	1,045,000.00	3,830,757.94
Arkansas.....	7,009,641.92	3,433,527.07	188,061.65	1,087,846.36	2,685,000.00	6,928,384.28
California.....	153,752,281.82	80,183,356.65	3,085,943.53	7,803,779.44	64,150,000.00	165,947,802.56
Colorado.....	10,788,295.87	4,665,000.00	2,255,373.03	1,528,040.10	3,275,000.00	10,905,628.73
Connecticut.....	33,803,303.86	21,817,000.00	1,071,108.28	2,8,896.24	3,100,000.00	53,882,417.90
Delaware.....	6,464,352.80	2,433,500.00	171,922.01	461,069.51	677,000.00	7,931,705.30
District of Columbia.....	10,174,262.66	5,084,030.00	495,428.97	790,229.25	2,380,000.00	21,983,492.38
Florida.....	14,095,194.39	7,315,000.00	317,676.67	1,508,550.60	6,900,000.00	14,319,320.46
Georgia.....	22,359,069.67	9,520,000.00	607,890.07	2,438,698.83	4,700,000.00	25,348,260.91
Hawaii.....	5,673,990.63	2,098,893.24	164,092.73	79,881.25	1,770,000.00	7,660,095.35
Idaho.....	2,550,697.07	2,061,306.62	63,497.98	373,013.78	1,810,000.00	2,492,487.89
Illinois.....	185,971,892.26	70,609,000.00	4,836,280.95	13,841,172.82	34,972,840.99	212,603,159.40
Indiana.....	39,402,313.77	23,150,000.00	1,141,204.82	3,189,592.27	6,600,000.00	53,993,926.32
Iowa.....	16,189,170.43	7,693,000.00	415,778.87	2,122,341.32	3,325,000.00	18,850,607.98
Kansas.....	14,811,363.57	4,865,798.95	300,019.10	2,724,508.29	1,750,000.00	17,662,683.33
Kentucky.....	28,750,515.43	11,274,000.00	775,276.65	2,751,978.21	3,776,000.00	34,271,813.87
Louisiana.....	18,410,488.01	8,403,000.00	454,669.16	1,179,639.06	6,750,000.00	19,338,548.11
Maine.....	3,739,347.55	4,212,000.00	104,638.95	255,337.04	2,500,000.00	5,300,649.46
Maryland.....	18,513,951.72	13,817,000.00	550,202.27	1,195,347.37	5,300,000.00	26,385,806.62
Massachusetts.....	76,185,752.43	39,885,000.00	1,987,365.79	2,312,725.57	25,700,000.00	90,045,392.65
Michigan.....	59,962,300.51	57,720,031.65	1,857,657.27	1,931,485.64	21,050,000.00	96,558,553.79
Minnesota.....	23,663,009.55	11,069,463.17	583,756.15	2,516,982.32	8,620,000.00	24,790,246.55
Mississippi.....	4,268,123.03	2,330,000.00	105,536.94	642,412.60	1,920,000.00	4,741,247.37
Missouri.....	55,575,040.59	21,200,000.00	1,405,034.82	4,871,464.25	6,125,000.00	67,273,610.96
Montana.....	5,742,075.09	3,002,000.00	131,254.63	1,186,104.08	2,850,000.00	4,339,225.66
Nebraska.....	10,392,863.57	2,210,000.00	238,169.76	1,681,585.10	1,630,000.00	9,529,448.23
Nevada.....	1,474,099.19	887,500.00	30,166.75	356,735.18	1,100,000.00	1,035,030.76
New Hampshire.....	5,510,104.50	2,918,000.00	153,144.90	238,406.20	1,500,000.00	6,943,143.20
New Jersey.....	115,116,974.71	52,569,000.00	3,282,426.01	4,268,521.02	13,200,000.00	153,470,879.70
New Mexico.....	2,837,653.30	1,430,000.00	65,420.97	514,544.78	1,140,000.00	2,678,528.49
New York.....	194,392,162.28	130,457,689.89	5,237,484.82	6,857,977.24	86,650,000.00	236,579,359.75
North Carolina.....	21,628,459.78	12,837,000.00	612,943.55	1,103,334.43	3,800,000.00	30,175,068.90
North Dakota.....	2,384,163.66	750,000.00	53,802.14	577,479.75	605,000.00	2,005,486.05

Ohio.....	149,056,112.35	61,577,000.00	4,079,447.25	8,535,005.70	17,435,000.00	188,742,553.90
Oklahoma.....	16,104,797.36	6,185,000.00	425,834.74	1,001,133.15	3,155,000.00	18,559,548.95
Oregon.....	8,174,965.01	7,150,652.38	252,926.70	590,392.41	2,995,000.00	11,993,151.68
Pennsylvania.....	113,086,551.34	84,847,000.00	3,296,190.78	6,698,993.97	32,600,000.00	162,030,743.15
Rhode Island.....	9,176,054.79	10,753,000.00	3,302,466.52	151,992.23	4,475,000.00	15,604,529.08
South Carolina.....	10,131,407.17	5,280,000.00	288,392.92	0	1,950,000.00	13,749,800.00
South Dakota.....	3,109,166.64	9,972,000.00	80,012.09	403,304.23	390,500.00	3,367,374.50
Tennessee.....	13,698,453.35	9,255,000.00	370,877.03	1,527,440.15	5,330,000.00	16,736,890.23
Texas.....	51,490,956.90	18,826,000.00	1,367,658.50	4,227,030.42	7,800,000.00	59,657,584.98
Utah.....	3,790,208.09	2,921,000.00	103,604.73	516,975.53	1,530,000.00	4,767,837.29
Vermont.....	2,682,722.39	1,584,267.86	79,472.77	0	650,000.00	3,696,463.02
Virginia.....	19,248,453.69	10,141,000.00	490,596.43	2,453,850.22	4,485,000.00	22,950,199.90
Washington.....	21,644,311.78	11,505,000.00	566,800.84	1,674,678.53	7,430,000.00	24,611,434.09
West Virginia.....	15,783,369.26	10,710,000.00	452,800.30	1,001,586.39	4,000,000.00	21,944,583.17
Wisconsin.....	53,362,183.57	11,910,904.12	1,394,437.02	1,964,428.67	3,350,000.00	61,353,095.04
Wyoming.....	2,377,042.93	1,245,000.00	53,323.68	602,039.85	385,000.00	2,188,326.76
Railroad unemployment insurance account.....	30,251,325.26	3,172,947,222.51	3,059,432.54	-----	19,000,000.00	187,257,950.31

¹ Beginning July 1939, contains separate book account for railroad unemployment insurance account in which are held moneys deposited by the Railroad Retirement Board and from which the Secretary of the Treasury makes benefit payments as certified by the Railroad Retirement Board. Trust fund maintains separate account for each State agency, in which are held all moneys deposited from State unemployment funds and from which State agencies withdraw amounts as required for benefit payments.

² Connecticut State law does not provide for authorization by the State to the Secretary of the Treasury to transfer funds from State account to railroad unemployment insurance account. In accordance with the Railroad Unemployment Insurance

Act, sec. 13, therefore, the Social Security Board certifies amounts for deposit into the railroad unemployment insurance account from amounts allocated for unemployment compensation administration; the State then withdraws from unemployment trust fund amounts for administrative expenses not to exceed those certified by the Social Security Board for deposit in the railroad unemployment insurance account.

³ Includes amounts transferred from State accounts to railroad unemployment insurance account and amounts deposited by the Railroad Retirement Board.

Source: Compiled from data furnished by the U. S. Treasury Department, Office of the Commissioner of Accounts and Deposits.

Table A-7.—Unemployment trust fund: Financial operations, by fiscal year, 1935-36—1940-41, and by month, fiscal year 1940-41¹[In millions ²]

Period	State accounts				Railroad unemployment insurance account					Assets at end of period		
	Deposits	Interest credited	With- drawals ³	Balance at end of period	Transfers from State accounts	Deposits	Interest credited	Benefit payments	Balance at end of period	Total	Special Treasury certificates	Unex- pended balance
Cumulative through June 1941.....	\$3, 621.4	\$128.3	\$1, 655.9	\$2, 093.7	4 \$105.9	\$105.6	\$3.3	\$32.3	\$ 189.9	\$2, 283.7	\$2, 273.0	\$10.7
Fiscal year:												(⁶)
1935-36.....	18.9	1	---	18.9	---	---	---	---	---	18.9	18.9	---
1936-37.....	291.7	2.7	1.0	312.4	---	---	---	---	---	312.4	312.3	1
1937-38.....	747.7	15.2	191.0	854.2	---	---	---	---	---	854.2	872.0	12.2
1938-39.....	811.3	26.8	441.8	1, 280.5	---	---	---	---	---	1, 280.5	1, 267.0	13.5
1939-40.....	1339.0	37.5	484.8	1, 693.2	4 1.8	44.2	.2	14.6	31.7	1, 734.9	1, 710.0	14.9
1940-41.....	892.0	45.9	537.3	2, 093.7	4 104.1	61.3	3.1	17.8	\$ 189.9	2, 283.7	2, 273.0	10.7
1940												
July.....	58.8	---	55.4	1, 695.6	4.4	(⁶)	---	.7	31.4	1, 727.0	1, 723.0	4.0
August.....	141.6	---	51.7	1, 785.4	0	1.1	---	.9	31.6	1, 817.0	1, 808.0	9.0
September.....	9.3	---	80.4	1, 714.4	43.5	13.6	(⁶)	1.0	87.7	1, 802.1	1, 790.0	12.1
October.....	56.7	.1	83.0	1, 688.2	50.0	(⁶)	---	1.0	136.7	1, 825.0	1, 821.0	4.0
November.....	143.0	---	29.9	1, 801.3	1.0	.8	---	.8	137.7	1, 939.1	1, 934.0	5.1
December.....	12.8	21.5	30.8	1, 804.8	1.5	14.7	1.0	1.7	133.1	1, 988.0	1, 945.3	12.7
1941												
January.....	68.2	---	38.0	1, 835.0	2.5	(⁶)	---	3.1	\$ 160.1	1, 995.1	1, 974.3	20.8
February.....	145.6	---	40.4	1, 940.3	2.5	.5	---	2.7	160.4	2, 100.7	2, 087.3	13.4
March.....	13.1	---	34.0	1, 919.4	0	15.1	(⁶)	2.5	172.9	2, 092.3	2, 077.3	15.0
April.....	66.5	.1	33.4	1, 952.5	4.2	.1	---	1.7	174.0	2, 126.6	2, 117.3	9.3
May.....	166.1	---	29.0	2, 089.6	(⁶)	.9	---	1.1	173.8	2, 263.5	2, 254.3	9.2
June.....	10.1	24.2	30.2	2, 093.7	0	14.7	2.0	.6	189.9	2, 283.7	2, 273.0	10.7

¹ See table A-6, footnote 1. Data based on checks cashed; differ slightly from those of A-6 which are compiled at a different stage in accounting process.² Totals represent sums of unrounded figures; therefore may differ slightly from sums of rounded amounts.³ Includes amounts transferred to railroad unemployment insurance account.⁴ Includes amounts certified by the Social Security Board to the Secretary of the Treasury on behalf of the State of Connecticut for payment into railroad unemployment insurance account in accordance with the Railroad Unemployment Insurance Act, sec. 13.⁵ Includes \$7.5 million transferred from railroad unemployment insurance administration fund in accordance with Oct. 10, 1940, amendments to the Railroad Unemployment Insurance Act.⁶ Less than \$50,000.

Source: Compiled from data in the Daily Statement of the U. S. Treasury.

Table A-8.—Federal insurance contributions and Federal unemployment taxes, by fiscal year, 1936-37—1940-41, and by month, fiscal year 1940-41 ¹

Period	Total	Insurance contributions ²	Unemployment taxes ³
Fiscal year:			
1936-37.....	\$256,181,188.05	\$198,341,332.26	\$57,839,855.79
1937-38.....	600,677,983.57	510,550,641.58	90,127,341.99
1938-39.....	630,202,178.61	529,442,990.41	100,759,188.20
1939-40.....	713,250,713.81	608,095,030.20	105,155,683.61
1940-41.....	788,263,607.98	688,177,948.96	100,085,659.02
1940			
July.....	38,442,116.97	35,591,288.35	2,850,828.62
August.....	131,824,905.03	123,675,981.79	8,148,923.24
September.....	3,343,295.80	2,758,670.41	584,625.39
October.....	37,247,965.57	34,500,153.35	2,747,812.22
November.....	133,121,290.77	125,124,291.96	7,996,998.81
December.....	3,698,795.76	3,141,174.73	557,621.03
1941			
January.....	46,004,547.79	33,922,752.36	12,081,795.43
February.....	187,907,891.46	134,433,126.87	53,474,764.59
March.....	3,505,885.72	2,588,404.09	917,481.63
April.....	41,675,380.30	39,228,336.45	2,447,043.85
May.....	157,132,358.24	149,678,842.08	7,453,516.16
June.....	4,359,174.57	3,534,926.52	824,248.05

¹ See table C-13 for collections under State unemployment compensation laws.

² Tax effective Jan. 1, 1937, based on wages for employment as defined in Internal Revenue Code (ch. 9, subch. A, sec. 1426), payable by employers and employees.

³ Tax effective Jan. 1, 1936, based on wages for employment as defined in Internal Revenue Code (ch. 9, subch. C, sec. 1607), payable by employers only. Amounts represent Federal tax collections after deduction for amounts paid into State unemployment funds on covered wages.

Source: Compiled from data furnished by the U. S. Treasury Department, Office of the Commissioner of Accounts and Deposits.

• B •

Old-Age and Survivors Insurance

Data on the old-age and survivors insurance program summarized in this appendix indicate the number of employee accounts established (B-1), the number of employers reporting under the program, the number of workers included in such reports, and the amount of their taxable wages (B-2), workers in covered employment and their taxable wages, by State (B-3) and by age group (B-4), number and disposition of claims for benefits and lump-sum payments (B-5), beneficiaries and benefits in current, deferred, and conditional-payment status, by type of benefit (B-6), and number of persons who received payments and amounts certified for such payments (B-9). Data for the close of the fiscal year show, by type of benefit and by State, beneficiaries on the rolls (B-7) and benefits payable (B-8).

Differences in inclusiveness of figures, stage of operation, or status of payments account for variations in totals which appear in these tables. The number of persons for whom accounts have been established (B-1) is cumulative and includes inactive accounts, i. e., those for which no taxable wages have been reported and those established for workers who have temporarily or permanently withdrawn from covered employment. Figures for workers and their taxable wages from 1937 through June 1941 (B-2) include estimates for data in delinquent 1939 reports and those received too late for inclusion in the more detailed summaries for that year (B-3, B-4).

The number of claims awarded (B-5) differs from data in the other tables of beneficiaries on monthly benefit rolls and recipients of lump-sum payments because some monthly benefits were terminated during the year. Monthly amounts payable (B-6, B-8) and beneficiaries on the rolls (B-6, B-7) represent data as of June 30, 1941, for all payments in force, i. e., benefit payments being made at a given time with no deductions or with deductions amounting to less than a month's benefit (current-payment status), benefit payments withheld until a definite subsequent month when a known amount equal to or exceeding a month's benefit has been deducted from benefits awarded for a prior month or months (deferred-payment status), and benefit payments indefinitely suspended until the conditions necessitating deduction have been removed (conditional-payment status). Payments certified (B-9) during the year include retroactive payments, and of course exclude data for benefits in conditional or deferred-payment status and benefits terminated.

Benefit payments from the old-age and survivors insurance trust fund (A-5) are on a checks-cashed basis. Appendix A also carries data on the operation of the program, showing the functions of the Bureau of Old-Age and Survivors Insurance, the location of regional and field offices, the personnel of the Bureau and its field staff (A-1), obligations incurred for salaries and travel of personnel (A-2), operations of old-age and survivors insurance trust fund, including reimbursement to the Treasury for administrative expenses of the program incurred by the Board and the Treasury Department (A-5), and amounts collected under the Federal Insurance Contributions Act (A-8). The introduction to that appendix, further, indicates sources of current data on old-age and survivors insurance and related programs.

Table B-1.—*Old-age and survivors insurance: Employee accounts established, fiscal year 1940-41, and net cumulative total as of June 30, 1940, and June 27, 1941*¹

State	Number estab-lished, 1940-41 ²	Net cumulative total ³		State	Number estab-lished, 1940-41 ²	Net cumulative total ³	
		June 30, 1940 ⁴	June 27, 1941			June 30, 1940 ⁴	June 27, 1941
Total.....	6,095,425	49,826,366	55,922,710	Missouri.....	177,510	1,384,376	1,561,907
Alabama.....	162,744	779,740	942,489	Montana.....	20,011	196,258	216,273
Alaska.....	3,504	25,790	29,295	Nebraska.....	44,259	358,536	402,799
Arizona.....	21,475	186,682	208,159	Nevada.....	5,235	49,305	54,542
Arkansas.....	89,949	445,496	535,454	New Hampshire..	20,716	207,890	228,608
California.....	310,356	3,199,314	3,509,722	New Jersey.....	184,925	1,799,013	1,983,966
Colorado.....	46,517	402,407	448,931	New Mexico.....	22,903	148,369	171,274
Connecticut.....	95,720	769,388	865,133	New York.....	586,984	6,549,844	7,136,983
Delaware.....	13,036	114,053	127,091	North Carolina..	231,695	1,055,313	1,287,018
Dist. of Columbia	41,933	319,247	361,185	North Dakota.....	16,702	127,755	144,458
Florida.....	117,734	768,656	886,400	Ohio.....	323,692	2,871,233	3,194,977
Georgia.....	174,577	973,316	1,147,907	Oklahoma.....	73,161	710,365	783,534
Hawaii.....	17,527	169,601	187,136	Oregon.....	57,974	426,234	484,215
Idaho.....	20,004	175,392	195,401	Pennsylvania.....	405,135	4,052,051	4,457,294
Illinois.....	376,136	3,439,234	3,815,395	Rhode Island.....	39,108	341,286	380,399
Indiana.....	162,523	1,301,248	1,463,796	South Carolina...	102,650	562,522	665,182
Iowa.....	86,617	665,211	751,846	South Dakota.....	16,714	141,456	158,170
Kansas.....	68,050	520,827	588,882	Tennessee.....	176,714	868,641	1,045,365
Kentucky.....	117,732	801,234	918,981	Texas.....	298,500	2,159,371	2,457,916
Louisiana.....	131,744	740,871	872,629	Utah.....	21,083	190,215	211,300
Maine.....	37,244	329,636	366,890	Vermont.....	13,354	117,431	130,788
Maryland.....	96,448	703,657	800,118	Virginia.....	151,654	828,435	980,105
Massachusetts...	205,737	1,922,606	2,128,383	Washington.....	73,936	695,603	769,550
Michigan.....	251,369	2,202,197	2,453,637	West Virginia...	82,632	653,702	736,343
Minnesota.....	89,389	847,109	936,507	Wisconsin.....	110,624	997,621	1,108,253
Mississippi.....	89,602	448,769	538,378	Wyoming.....	9,886	81,860	91,746

¹ Includes inactive accounts, i. e., those for which no taxable wages have been reported and those established for workers who have temporarily or permanently withdrawn from covered employment.

² Period covered: July 1, 1940-June 27, 1941.

³ Excludes 1,036,576 known duplications canceled before May 1, 1940, but includes known duplications discovered after that date which are retained in files and cross-referenced instead of being canceled. Data for June 27, 1941, also include 919 accounts canceled before May 1, 1940, and reinstated during fiscal year.

⁴ Revised.

Table B-2.—*Old-age and survivors insurance: Estimated number of employers and workers and amount of taxable wages, 1937, and by quarter, January 1938-June 1941*

[Corrected to Oct. 31, 1941]

Year and quarter	Employers reporting taxable wages ¹ (in thousands)	Workers with taxable wages (in thousands)		Taxable wages	
		On last day or last pay roll of quarter ²	Total during period	Total (in millions)	Average per worker
1937.....	(³)		32,800	\$29,300	\$893
1938.....	(³)		31,200	26,200	840
January-March.....	1,740	23,000	25,100	6,447	257
April-June.....	1,783	23,000	25,200	6,523	259
July-September.....	1,813	23,800	25,900	6,505	251
October-December.....	1,833	23,600	26,500	6,725	254
1939.....	(³)		33,100	29,200	882
January-March.....	1,826	24,500	25,400	7,040	277
April-June.....	1,891	25,300	26,700	7,221	270
July-September.....	1,936	26,100	27,400	7,497	274
October-December.....	1,977	25,700	28,400	7,442	262
1940.....	(³)		35,000	32,900	940
January-March.....	1,975	26,300	27,400	8,070	295
April-June.....	2,056	27,200	28,300	8,125	287
July-September.....	2,099	28,500	29,700	8,129	274
October-December.....	2,131	29,400	31,500	8,576	272
1941.....	(³)		(³)	(³)	(³)
January-March.....	2,119	29,600	32,000	9,579	299
April-June.....	2,197	30,900	33,400	10,352	310

¹ Number of employers corresponds to number of employer returns. A return may relate to more than 1 establishment if employer operates several separate establishments but reports for firm as a whole.

² Beginning with first quarter of 1941, data represent employment on last pay roll of quarter.

³ Not available.

Table B-3.—*Old-age and survivors insurance: Workers with taxable wages and amount of their taxable wages, by State, 1939*¹

[Corrected to May 15, 1941]

State	Workers ²	Taxable wages ³ (in thousands)	Average taxable wage	State	Workers ²	Taxable wages ³ (in thousands)	Average taxable wage
Total ⁴	32, 063, 210	\$28, 127, 180	\$877	Missouri.....	832, 608	698, 464	839
Alabama.....	416, 800	251, 387	603	Montana.....	108, 897	89, 149	819
Alaska.....	28, 998	23, 001	793	Nebraska.....	204, 073	139, 152	682
Arizona.....	96, 633	75, 905	786	Nevada.....	34, 871	28, 536	818
Arkansas.....	214, 900	102, 631	478	New Hampshire.....	154, 811	112, 277	725
California.....	2, 004, 643	1, 876, 137	936	New Jersey.....	1, 276, 279	1, 266, 811	993
Colorado.....	245, 818	182, 848	744	New Mexico.....	73, 638	46, 261	628
Connecticut.....	596, 467	604, 580	1, 014	New York.....	4, 465, 444	4, 681, 207	1, 048
Delaware.....	81, 546	72, 355	887	North Carolina.....	684, 239	395, 299	578
Dist. of Columbia..	206, 891	196, 587	950	North Dakota.....	63, 657	38, 443	604
Florida.....	451, 147	239, 577	531	Ohio.....	1, 896, 890	1, 910, 718	1, 007
Georgia.....	568, 234	314, 931	554	Oklahoma.....	333, 172	240, 408	722
Hawaii.....	105, 141	60, 822	578	Oregon.....	277, 867	231, 874	834
Idaho.....	104, 431	65, 573	628	Pennsylvania.....	2, 762, 398	2, 618, 926	948
Illinois.....	2, 411, 715	2, 435, 585	1, 010	Rhode Island.....	271, 173	227, 902	840
Indiana.....	849, 040	753, 249	887	South Carolina.....	333, 621	174, 402	523
Iowa.....	424, 628	305, 066	718	South Dakota.....	70, 593	44, 772	634
Kansas.....	281, 899	191, 091	678	Tennessee.....	492, 662	310, 142	630
Kentucky.....	399, 430	276, 535	692	Texas.....	1, 237, 734	851, 148	688
Louisiana.....	430, 591	275, 234	639	Utah.....	110, 726	79, 642	719
Maine.....	238, 999	156, 099	653	Vermont.....	81, 864	54, 111	661
Maryland.....	493, 704	416, 203	843	Virginia.....	530, 581	346, 061	652
Massachusetts.....	1, 385, 075	1, 308, 031	944	Washington.....	442, 875	397, 800	898
Michigan.....	1, 400, 988	1, 411, 272	1, 007	West Virginia.....	405, 414	340, 918	841
Minnesota.....	517, 371	433, 409	838	Wisconsin.....	684, 349	634, 557	927
Mississippi.....	225, 258	97, 984	435	Wyoming.....	52, 427	42, 106	803

¹ Based on 20-percent sample which includes wage records of 6,374,302 workers and \$5,590,771,022 in wages identified for posting to individual accounts by May 16, 1940, or approximately 19.8 percent of total 1939 workers and wages thus identified. Wage items identified for posting by May 16, 1940, represent 97.9 percent of estimated total number of workers with taxable wages in 1939 and 96.9 percent of estimated total taxable wages for 1939. Taxable wages exclude remuneration from employment not covered by old-age and survivors insurance program and wages in excess of first \$3,000 a year from any 1 employer.

² Presented to last digit for convenience in summation; figures cannot be taken as accurate to last unit given because data based on sample.

³ Total represents sum of unrounded figures; therefore may differ slightly from sum of rounded amounts. Cents dropped in tabulating individual wages.

⁴ Excludes 66,954 workers whose sex and/or race was unknown and their taxable wages of \$53,535,643.

Table B-4.—Old-age and survivors insurance: Workers with taxable wages and amount of their taxable wages, by age group, race, and sex, 1939 ¹

[Corrected to May 15, 1941]

Age group (years) ²	Total ³			White ⁴			Negro		
	Workers ⁴	Taxable wages ⁵ (in thousands)	Aver- age taxable wage	Workers ⁴	Taxable wages ⁵ (in thousands)	Aver- age taxable wage	Workers ⁴	Taxable wages ⁵ (in thou- sands)	Aver- age taxable wage
Total...	32,063,210	\$28,127,180	\$877	29,837,130	\$27,214,135	\$912	2,226,080	\$913,045	\$410
Under 20.....	2,667,353	563,539	211	2,521,726	546,533	217	145,627	17,006	117
20-24.....	5,923,379	3,181,617	537	5,550,472	3,089,353	557	372,907	92,264	247
25-29.....	5,307,391	4,259,871	803	4,892,533	4,107,160	839	414,858	152,711	368
30-34.....	4,413,873	4,427,942	1,003	4,058,220	4,265,530	1,051	355,653	162,413	457
35-39.....	3,630,698	4,044,586	1,114	3,323,127	3,885,937	1,169	307,571	158,649	516
40-44.....	2,954,731	3,482,696	1,179	2,730,950	3,360,730	1,231	223,781	121,966	545
45-49.....	2,474,404	2,961,803	1,197	2,320,495	2,877,472	1,240	153,909	84,332	548
50-54.....	1,931,030	2,254,263	1,167	1,822,138	2,196,671	1,206	108,892	57,592	529
55-59.....	1,336,534	1,489,637	1,115	1,267,896	1,454,529	1,147	68,638	35,108	511
60-64.....	809,083	864,574	1,069	774,474	847,541	1,094	34,609	17,033	492
65-69.....	385,937	390,411	1,012	367,453	382,595	1,041	18,484	7,816	423
70 and over.....	177,630	185,845	1,046	171,082	183,163	1,071	6,548	2,682	410
Unknown.....	51,167	20,396	399	36,564	16,921	463	14,603	3,475	238
Male									
Total...	23,049,437	\$23,320,586	\$1,012	21,194,515	\$22,508,282	\$1,062	1,854,922	\$812,304	\$438
Under 20.....	1,625,117	350,759	216	1,502,399	335,568	223	122,718	15,191	124
20-24.....	3,688,568	2,164,877	587	3,380,180	2,084,171	617	308,388	80,706	262
25-29.....	3,646,410	3,325,972	912	3,308,865	3,193,775	965	337,545	132,198	392
30-34.....	3,182,586	3,646,690	1,146	2,894,099	3,505,373	1,211	288,487	141,317	490
35-39.....	2,703,222	3,434,867	1,271	2,449,701	3,294,471	1,345	253,521	140,397	554
40-44.....	2,250,293	3,021,006	1,337	2,071,577	2,911,226	1,405	187,716	109,780	585
45-49.....	1,965,074	2,624,814	1,336	1,832,920	2,547,671	1,390	132,154	77,143	584
50-54.....	1,596,502	2,035,601	1,275	1,500,922	1,982,242	1,321	95,580	53,359	558
55-59.....	1,134,740	1,361,008	1,199	1,073,018	1,328,013	1,238	61,722	32,995	535
60-64.....	700,811	796,592	1,137	669,640	780,559	1,166	31,171	16,033	514
65-69.....	343,611	364,477	1,061	326,770	357,078	1,093	16,841	7,399	439
70 and over.....	164,101	177,067	1,079	157,992	174,479	1,104	6,109	2,588	424
Unknown.....	39,402	16,855	428	26,432	13,656	517	12,970	3,199	247
Female									
Total...	9,013,773	\$4,806,594	\$533	8,642,615	\$4,705,853	\$544	371,158	\$100,741	\$271
Under 20.....	1,042,236	212,779	204	1,019,327	210,965	207	22,909	1,815	79
20-24.....	2,234,811	1,016,740	455	2,170,292	1,005,182	463	64,519	11,558	179
25-29.....	1,660,981	933,899	562	1,583,668	913,386	577	77,313	20,513	265
30-34.....	1,231,287	781,252	635	1,164,121	760,156	653	67,166	21,096	314
35-39.....	927,476	609,719	657	873,426	591,467	677	54,050	18,252	338
40-44.....	695,438	461,690	664	659,373	449,503	682	36,065	12,186	338
45-49.....	509,330	336,990	662	487,575	329,801	676	21,765	7,188	330
50-54.....	334,628	218,662	654	321,216	214,429	668	13,312	4,233	318
55-59.....	201,794	128,628	637	194,878	126,516	649	6,916	2,112	305
60-64.....	108,272	67,982	628	104,834	66,981	639	3,438	1,000	291
65-69.....	42,326	25,934	613	40,683	25,517	627	1,643	417	254
70 and over.....	13,529	8,778	649	13,090	8,684	663	439	94	213
Unknown.....	11,765	3,541	301	10,132	3,265	322	1,633	276	169

¹ See table B-3, footnote 1.

² Age at birthday nearest July 1, 1939.

³ See table B-3, footnote 4.

⁴ Presented to last digit for convenience in summation; figures cannot be taken as accurate to last unit given because data based on sample.

⁵ Total represents sum of unrounded figures; therefore may differ slightly from sum of rounded amounts.

Cents dropped in tabulating individual wages.

⁶ Includes races other than Negro.

Table B-5.—Old-age and survivors insurance: Claims for monthly benefits and lump-sum payments under 1939 amendments received, awarded, disallowed, withdrawn, and pending, by month, January 1940–June 1941

Period	Received	Awarded ¹	Disallowed	Withdrawn	Pending
Cumulative through June 30, 1941.....	591, 032	531, 869	32, 455	12, 534	14, 224
January–June 1940.....	177, 606	137, 199	5, 417	3, 550	31, 440
January.....	27, 586	11, 149	0	3	16, 434
February.....	25, 439	18, 108	2	267	23, 496
March.....	27, 950	23, 021	11	977	27, 437
April.....	29, 204	25, 649	1, 692	983	28, 317
May.....	35, 674	29, 967	2, 408	743	30, 873
June.....	31, 753	29, 305	1, 304	577	31, 440
Fiscal year 1940–41.....	413, 476	394, 670	27, 038	8, 984	14, 224
July.....	40, 785	34, 350	1, 443	690	35, 742
August.....	35, 244	29, 173	1, 679	674	39, 460
September.....	31, 500	37, 856	2, 328	717	30, 059
October.....	34, 133	35, 514	2, 613	930	25, 135
November.....	30, 229	29, 685	2, 214	641	22, 824
December.....	31, 246	28, 317	1, 954	661	23, 138
January.....	35, 228	34, 103	2, 310	796	21, 157
February.....	33, 543	35, 593	2, 108	948	16, 051
March.....	37, 405	35, 795	2, 805	852	14, 004
April.....	37, 160	33, 383	2, 732	714	14, 335
May.....	33, 104	31, 300	2, 430	713	12, 996
June.....	33, 899	29, 601	2, 422	648	14, 224

¹ For January 1940–March 1941, represents claims allowed which were not necessarily fully processed for record purposes when count was made; for April–June 1941, represents claims awarded, i. e., allowed and fully processed.

Table B-6.—Old-age and survivors insurance: Beneficiaries on monthly benefit rolls and monthly amount payable, by type of benefit and payment status, June 30, 1941

[Corrected to July 15, 1941]

Type of benefit	Total		Payment status ¹					
			Current		Deferred		Conditional	
	Benefi- ciaries	Monthly amount	Benefi- ciaries	Monthly amount	Benefi- ciaries	Monthly amount	Benefi- ciaries	Monthly amount
Total.....	372, 339	\$6, 815, 164	336, 240	\$6, 095, 575	3, 019	\$63, 920	33, 080	\$655, 669
Primary.....	184, 545	4, 187, 238	160, 401	3, 635, 737	2, 350	54, 675	21, 794	496, 826
Wife's.....	49, 365	597, 778	44, 320	537, 140	375	4, 609	4, 670	56, 029
Child's ²	91, 428	1, 114, 016	88, 091	1, 076, 136	149	1, 456	3, 188	36, 424
Widow's ³	9, 709	197, 141	9, 567	193, 834	100	2, 398	42	909
Widow's current ⁴	35, 861	700, 441	32, 444	634, 351	38	691	3, 379	65, 399
Parent's.....	1, 431	18, 550	1, 417	18, 377	7	91	7	82

¹ Benefit in current-payment status is subject to no deduction from current month's benefit or only to deduction of fixed amount which is less than current month's benefit; benefit in deferred-payment status is subject to deduction of fixed amount which equals or exceeds current month's benefit; benefit in conditional-payment status is subject to deduction of entire benefit for current and each subsequent month for indefinite period.

² Payable to child of primary beneficiary or of deceased insured worker.

³ Payable to widow aged 65 or over of deceased fully insured worker.

⁴ Payable to widow who has in her care child of deceased insured worker entitled to child's benefit.

Table B-7.—*Old-age and survivors insurance: Beneficiaries on monthly benefit rolls,¹ by State and type of benefit, June 30, 1941*

[Corrected to July 15, 1941]

State ²	Total	Primary	Wife's	Child's	Widow's	Widow's current	Parent's
Total.....	372, 339	184, 545	49, 365	91, 428	9, 709	35, 861	1, 431
Alabama.....	5, 641	2, 382	487	1, 985	66	691	30
Alaska.....	73	44	4	17	1	5	2
Arizona.....	982	400	82	365	11	123	1
Arkansas.....	2, 504	1, 096	249	808	31	309	11
California.....	21, 840	12, 424	2, 767	4, 250	523	1, 779	97
Colorado.....	2, 755	1, 475	327	630	56	259	8
Connecticut.....	7, 053	3, 320	1, 051	1, 619	336	699	28
Delaware.....	897	511	138	159	31	54	4
District of Columbia.....	1, 505	718	157	413	47	169	1
Florida.....	4, 891	2, 410	549	1, 364	79	470	19
Georgia.....	5, 350	2, 119	443	2, 073	74	609	32
Hawaii.....	1, 289	611	60	506	2	109	1
Idaho.....	978	460	100	290	11	110	7
Illinois.....	25, 550	12, 937	3, 459	5, 839	639	2, 571	105
Indiana.....	10, 452	5, 222	1, 514	2, 466	252	962	36
Iowa.....	5, 119	2, 738	831	1, 030	110	397	13
Kansas.....	3, 244	1, 721	449	700	93	268	13
Kentucky.....	6, 191	2, 580	636	2, 186	108	650	31
Louisiana.....	3, 916	1, 684	330	1, 290	85	504	23
Maine.....	3, 181	1, 768	486	591	96	229	11
Maryland.....	5, 165	2, 483	604	1, 356	188	506	28
Massachusetts.....	18, 995	10, 212	3, 126	3, 502	635	1, 462	58
Michigan.....	15, 032	6, 525	1, 896	4, 459	412	1, 691	49
Minnesota.....	5, 762	3, 088	822	1, 215	138	485	14
Mississippi.....	2, 258	974	164	804	27	264	20
Missouri.....	8, 891	4, 754	1, 226	1, 861	252	757	41
Montana.....	1, 152	558	122	310	43	117	2
Nebraska.....	2, 039	1, 100	292	440	40	161	6
Nevada.....	248	117	12	86	3	27	3
New Hampshire.....	2, 555	1, 456	449	433	67	147	3
New Jersey.....	15, 806	8, 102	2, 410	3, 209	580	1, 447	58
New Mexico.....	630	241	37	253	7	89	3
New York.....	50, 545	27, 363	7, 634	9, 426	1, 499	4, 460	163
North Carolina.....	6, 549	2, 550	572	2, 563	85	747	32
North Dakota.....	502	244	51	143	9	54	1
Ohio.....	24, 100	12, 048	3, 513	5, 545	722	2, 192	80
Oklahoma.....	3, 135	1, 327	276	1, 051	48	428	5
Oregon.....	3, 431	1, 957	501	615	93	251	14
Pennsylvania.....	39, 039	18, 701	5, 408	9, 779	1, 128	3, 873	150
Rhode Island.....	3, 275	1, 781	590	554	126	210	14
South Carolina.....	3, 469	1, 202	262	1, 477	43	461	24
South Dakota.....	625	325	86	146	12	55	1
Tennessee.....	5, 532	2, 424	515	1, 868	89	602	34
Texas.....	10, 005	4, 265	893	3, 356	146	1, 306	39
Utah.....	1, 366	546	143	461	25	187	4
Vermont.....	1, 456	798	224	280	37	115	2
Virginia.....	5, 641	2, 248	506	2, 059	109	689	30
Washington.....	6, 181	3, 543	855	1, 127	137	496	23
West Virginia.....	6, 304	2, 339	612	2, 483	97	750	23
Wisconsin.....	8, 564	4, 384	1, 388	1, 746	249	773	24
Wyoming.....	465	220	34	147	7	57	0
Foreign.....	216	50	23	93	5	35	10

¹ Regardless of payment status of benefits; see table B-6 for beneficiaries with benefits in current-payment status and for footnotes explaining types of benefit.

² State in which beneficiary resided June 30, 1941.

Table B-8.—*Old-age and survivors insurance: Monthly amount payable¹ to beneficiaries on monthly benefit rolls, by State and type of benefit, June 30, 1941*

[Corrected to July 15, 1941]

State ²	Total	Primary	Wife's	Child's	Widow's	Widow's current	Parent's
Total.....	\$6,815,164	\$4,187,238	\$597,778	\$1,114,016	\$197,141	\$700,441	\$18,550
Alabama.....	84,377	47,123	5,111	19,659	1,037	11,107	340
Alaska.....	1,529	1,047	56	267	25	124	10
Arizona.....	16,852	9,041	1,043	4,305	203	2,250	10
Arkansas.....	35,829	20,118	2,469	7,722	611	4,784	125
California.....	431,624	290,957	34,785	56,217	10,857	37,469	1,339
Colorado.....	51,397	33,606	3,953	7,660	1,126	4,959	93
Connecticut.....	135,259	78,753	13,284	21,387	7,003	14,431	401
Delaware.....	16,805	11,357	1,626	2,041	600	1,139	42
District of Columbia.....	28,217	16,617	1,970	5,172	956	3,490	12
Florida.....	83,622	52,987	6,621	14,296	1,522	7,965	231
Georgia.....	77,521	40,969	4,522	20,349	1,484	9,854	343
Hawaii.....	18,520	10,908	549	5,140	32	1,881	10
Idaho.....	17,082	10,153	1,167	3,473	191	2,005	93
Illinois.....	495,753	305,655	43,205	78,114	13,237	54,089	1,453
Indiana.....	189,926	117,049	17,564	30,897	5,006	18,972	438
Iowa.....	88,995	57,451	9,398	12,273	2,072	7,639	162
Kansas.....	56,336	36,450	4,897	8,092	1,779	4,960	158
Kentucky.....	96,118	52,785	7,021	23,019	2,046	10,903	344
Louisiana.....	62,071	33,495	3,496	14,264	1,622	8,905	289
Maine.....	55,202	36,930	5,660	6,519	1,831	4,142	120
Maryland.....	91,843	54,141	7,198	16,612	3,683	9,850	359
Massachusetts.....	368,142	239,429	39,435	45,468	13,167	29,843	800
Michigan.....	277,158	150,939	23,344	58,767	8,581	34,875	652
Minnesota.....	112,502	72,856	10,406	15,863	2,981	10,210	186
Mississippi.....	31,610	17,982	1,553	7,303	528	4,054	190
Missouri.....	162,794	104,983	14,586	22,807	5,003	14,890	525
Montana.....	21,367	12,616	1,550	3,956	873	2,342	30
Nevada.....	36,320	23,578	3,304	5,328	816	3,213	81
Nevada.....	4,714	2,786	155	1,129	49	558	37
New Hampshire.....	44,477	30,890	4,929	4,684	1,362	2,633	39
New Jersey.....	317,904	198,945	31,488	43,646	12,285	30,709	831
New Mexico.....	9,514	4,854	441	2,568	157	1,457	37
New York.....	995,441	645,058	94,537	127,824	31,103	94,606	2,313
North Carolina.....	92,288	48,313	5,658	24,791	1,435	11,716	375
North Dakota.....	8,575	5,208	570	1,625	172	989	11
Ohio.....	458,926	282,803	43,849	71,540	14,819	44,816	1,099
Oklahoma.....	52,517	28,233	3,148	12,138	950	7,987	61
Oregon.....	64,169	43,852	5,971	7,428	1,842	4,891	185
Pennsylvania.....	721,096	432,295	65,749	122,414	22,714	75,939	1,985
Rhode Island.....	61,361	40,603	7,150	6,861	2,503	4,051	193
South Carolina.....	47,219	22,955	2,656	13,720	768	6,861	259
South Dakota.....	11,097	7,087	1,085	1,691	216	1,007	11
Tennessee.....	84,585	48,011	5,456	19,212	1,650	9,892	364
Texas.....	161,619	87,551	9,628	37,289	2,808	23,900	443
Utah.....	24,273	12,498	1,738	5,775	512	3,700	50
Vermont.....	26,112	17,366	2,605	3,236	786	2,094	25
Virginia.....	86,656	45,665	5,561	21,460	2,065	11,523	382
Washington.....	119,170	81,716	10,415	14,168	2,731	9,832	308
West Virginia.....	102,837	51,283	7,154	28,706	1,871	13,543	280
Wisconsin.....	164,049	103,309	17,378	22,170	5,283	15,598	311
Wyoming.....	8,274	4,825	381	1,814	139	1,115	0
Foreign.....	3,520	1,157	303	1,157	109	679	115

¹ Without adjustment for deductions required under sec. 203 or 907 of the Social Security Act Amendments of 1939; see table B-6 for amount of benefits in current-payment status and for footnotes explaining types of benefit.

² State in which beneficiary resided June 30, 1941.

Table B-9.—Old-age and survivors insurance: Number of individuals for whom monthly benefits and lump-sum payments were certified and amount certified, by month of certification and type of payment, fiscal year 1940-41

[In thousands]

Month	Monthly benefits ¹								Lump-sum payments	
	Total	Primary	Wife's	Child of primary beneficiary	Child of deceased insured worker	Widow's ²	Widow's current ³	Parent's	Under 1939 amendments	Under 1935 act
Beneficiaries ⁴									Deceased workers	
July.....	120.8	66.6	15.3	4.4	22.8	1.5	9.9	0.3	6.3	1.3
August.....	143.4	77.9	18.9	4.8	27.7	1.9	11.8	.4	5.6	1.1
September.....	164.9	88.2	22.1	5.3	32.5	2.5	13.8	.5	7.3	1.3
October.....	190.0	99.5	25.6	5.8	38.7	3.1	16.6	.7	7.5	1.1
November.....	207.4	106.7	27.9	6.1	43.5	3.8	18.7	.7	6.4	.8
December.....	225.7	114.0	30.2	6.4	49.0	4.4	20.9	.8	6.7	.6
January.....	248.1	124.6	33.2	7.0	54.1	5.2	23.0	1.0	7.3	.5
February.....	267.9	132.6	35.6	7.7	59.6	6.0	25.3	1.1	8.5	.5
March.....	291.9	143.1	38.7	8.9	65.2	7.1	27.8	1.1	8.6	.5
April.....	309.5	150.3	41.0	9.5	69.9	8.0	29.6	1.2	7.7	.5
May.....	327.0	157.6	43.4	10.1	74.3	8.8	31.4	1.4	7.5	.4
June.....	341.2	163.0	45.1	10.7	78.4	9.6	33.0	1.4	7.1	.3
Amount certified ⁵										
Total.....	\$57,462.3	\$34,732.3	\$5,008.8	\$1,143.0	\$8,775.1	\$1,524.9	\$6,090.4	\$187.8	\$12,298.4	\$416.7
July.....	2,711.8	1,735.1	226.8	63.2	366.1	45.2	270.6	4.8	904.1	69.2
August.....	3,137.9	1,997.3	272.7	68.6	429.9	54.0	303.6	11.8	804.1	52.9
September.....	3,632.8	2,283.0	321.2	76.8	508.7	72.5	357.6	13.0	1,039.0	61.0
October.....	4,109.4	2,534.8	358.7	83.9	601.5	87.4	428.4	14.7	1,064.0	54.0
November.....	4,261.9	2,610.2	371.0	85.0	632.0	98.6	451.5	13.6	900.0	38.9
December.....	4,583.4	2,809.8	404.6	89.4	687.6	107.7	470.9	13.4	956.7	25.1
January.....	4,996.5	3,065.8	440.7	96.6	743.4	122.9	511.6	15.5	1,038.3	24.6
February.....	5,359.6	3,183.0	465.0	109.5	842.3	151.8	589.7	18.3	1,199.2	25.7
March.....	5,792.2	3,419.0	501.3	110.1	928.2	174.8	640.3	18.5	1,221.0	20.2
April.....	6,013.1	3,547.7	523.1	114.1	962.0	188.0	657.9	20.3	1,093.3	18.0
May.....	6,313.9	3,713.4	552.8	120.0	1,012.1	203.8	688.8	23.0	1,064.7	14.9
June.....	6,549.8	3,833.2	570.9	125.8	1,061.3	218.2	719.5	20.9	1,014.0	12.2

¹ Distribution by type of benefit partly estimated.
² Payable to widow aged 65 or over of deceased fully insured worker.
³ Payable to widow who has in her care child of deceased insured worker entitled to child's benefit.
⁴ Differs from number in current-payment status at end of month because of changes in status effective after certification.
⁵ Includes retroactive payments.

Employment Security

Information from State reports to the Social Security Board on the operations of employment security programs is summarized in this appendix to supplement text discussion of these programs. Significant measures of placement and insurance activities of the 51 State programs are summarized for the United States in table C-1; administrative expenditures and funds budgeted from Federal grants under the Social Security Act and Wagner-Peyser Act and from State and local appropriations are shown, by State, in C-2; and the number and types of public employment offices for each State are given in C-3.

State data relating to placement activities indicate the number of placements, applications for work, and registrants in the active file of public employment offices (C-4); sex and race of applicants placed in jobs in different industry divisions (C-5) and in selected manufacturing industries essential to national defense (C-6); and placements from vocational refresher courses (C-7).

Tables on unemployment compensation, by State, give size-of-firm provisions for coverage, number of subject employers, and number of workers with wage credits (C-8); disposition of new claims for benefits (C-9); weekly average number of beneficiaries, workers receiving first payments, and number of cases in which benefit rights were exhausted during the year (C-10); number of weeks compensated and amount of benefits paid for total and less than total unemployment (C-11); size of benefit payments for total unemployment (C-12); and benefit payments, collections, and funds available (C-13).

Additional data on the employment security program are presented in appendix A, which shows the functions of the Bureau of Employment Security, its personnel (A-1), and obligations incurred for salaries and travel (A-2); Federal appropriations and expenditures for grants under the Social Security Act (checks-cashed basis) and under the Wagner-Peyser Act (checks issued) (A-3); advances certified by the Board for Federal grants to each State under these acts (A-4); and State deposits in the Federal unemployment trust fund and withdrawals from that fund for unemployment benefit payments and for transfers to the railroad unemployment insurance account (A-6). The introduction to appendix A explains the reasons for differences in the total amounts reported for certain items appearing in more than one table and indicates sources of current data on employment security and related programs.

Table C-1.—*Employment security: Selected data, by fiscal year, 1937-38—1940-41, and by month, fiscal year 1940-41*

Period	Employment service				Unemployment compensation ¹		
	Active file at end of period	Applications	Placements		Continued claims	Weeks of unemployment compensated	Amount of benefit payments
			Complete	Supplementary			
Fiscal year:							
1937-38.....	7,831,063	12,014,212	2,900,056	(²)	³ 22,941,295	(⁴)	⁵ \$179,622,358
1938-39.....	6,282,598	14,143,382	3,134,011	² 567,283	53,361,405	(⁴)	446,147,917
1939-40.....	5,734,450	16,174,271	3,536,908	1,079,258	63,977,611	⁴ 27,889,213	482,510,753
1940-41.....	5,126,192	17,884,420	4,639,299	1,635,796	53,542,474	⁴ 41,742,991	⁵ 433,367,154
1940							
July.....	5,564,671	1,400,941	308,101	114,426	7,292,385	5,500,719	55,740,735
August.....	5,210,660	1,273,828	330,738	168,545	5,881,273	5,037,053	51,695,427
September.....	4,910,827	1,206,914	352,571	277,157	4,257,691	3,607,640	36,594,227
October.....	4,618,504	1,391,254	407,494	317,472	4,005,716	3,175,104	32,230,658
November.....	4,568,415	1,333,491	364,799	135,355	3,622,146	2,894,054	29,560,940
December.....	4,758,697	1,494,985	377,697	89,165	4,008,156	2,976,330	30,886,070
1941							
January.....	5,093,476	1,816,359	363,163	92,523	4,930,669	3,737,484	39,270,163
February.....	5,101,417	1,373,295	344,335	67,075	4,046,847	3,261,460	34,610,683
March.....	5,170,193	1,606,120	376,308	53,124	3,738,046	3,153,960	33,607,834
April.....	5,097,026	1,825,169	443,180	45,817	4,269,547	2,550,992	26,997,704
May.....	5,156,288	1,538,883	500,115	121,815	3,914,066	2,967,048	31,573,799
June.....	5,126,192	1,623,181	470,798	153,322	3,575,932	2,876,885	30,554,685

¹ Number of States paying benefits: July 1936-December 1937, 1; January-March 1938, 23; April-June 1938, 25; July-August 1938, 28; September-November 1938, 29; December 1938, 31; January-June 1939, 49; July 1939-June 1941, 51.

² Not reported prior to October 1938.

³ For January-June 1938 only; \$2,146,817 in benefits paid prior to 1938.

⁴ Not reported prior to January 1940.

⁵ Includes some data not allocated by month.

Table C-2.—Employment security: Budgets for State administration approved by the Social Security Board, source of funds budgeted, administrative expenditures, and budgetary balance, by State, fiscal year 1940-41

State	Approved budget	Source of funds budgeted			Administrative expenditures ²	Budgetary balance
		Federal ¹		State and local ²		
		Under Social Security Act, title III	Under Wagner-Peyser Act			
Total.....	\$71,856,392	\$65,299,091	\$3,230,855	\$3,326,446	\$68,711,334	\$3,145,058
Alabama.....	778,353	648,353	65,000	65,000	773,614	4,739
Alaska.....	88,383	68,383	10,000	10,000	77,100	11,283
Arizona.....	303,352	277,272	13,040	13,040	298,497	4,855
Arkansas.....	554,826	464,986	44,920	44,920	530,853	23,973
California.....	5,067,262	4,780,386	143,438	143,438	4,963,121	104,141
Colorado.....	528,096	476,096	26,000	26,000	495,312	32,784
Connecticut.....	1,501,909	1,420,723	40,593	40,593	1,425,549	76,360
Delaware.....	240,970	217,091	11,029	12,850	236,480	4,490
District of Columbia.....	318,115	318,115			310,475	7,640
Florida.....	707,021	633,891	36,565	36,565	711,689	\$-4,668
Georgia.....	1,044,538	894,538	75,000	75,000	1,028,060	16,478
Hawaii.....	164,337	134,337	15,000	15,000	148,560	15,777
Idaho.....	288,304	262,060	11,244	15,000	281,510	6,794
Illinois.....	5,346,798	4,977,128	184,835	184,835	4,867,244	479,554
Indiana.....	1,925,953	1,762,329	81,812	81,812	1,795,298	130,655
Iowa.....	776,777	637,061	69,858	69,858	713,034	63,743
Kansas.....	583,046	452,216	65,415	65,415	546,000	37,046
Kentucky.....	946,682	811,834	67,424	67,424	892,086	54,596
Louisiana.....	863,422	761,610	50,906	50,906	861,225	2,197
Maine.....	501,548	462,748	19,400	19,400	477,155	24,393
Maryland.....	877,314	797,314	40,000	40,000	859,419	17,895
Massachusetts.....	3,481,948	3,275,214	103,367	103,367	3,290,178	191,770
Michigan.....	3,373,403	3,125,493	123,955	123,955	3,178,626	194,777
Minnesota.....	1,453,608	1,328,564	62,522	62,522	1,402,897	50,711
Mississippi.....	490,164	392,798	48,683	48,683	481,382	8,782
Missouri.....	1,855,316	1,633,788	110,764	110,764	1,833,076	22,240
Montana.....	329,833	281,650	13,580	34,603	324,263	5,570
Nebraska.....	458,041	384,834	35,610	37,597	428,653	29,388
Nevada.....	189,033	167,693	10,670	10,670	186,438	2,595
New Hampshire.....	355,555	327,433	13,122	15,000	339,648	15,907
New Jersey.....	3,184,345	2,926,530	102,095	155,720	3,102,473	81,872
New Mexico.....	216,552	195,162	10,695	10,695	203,698	12,854
New York.....	9,095,494	8,485,662	304,916	304,916	8,876,716	218,778
North Carolina.....	1,289,634	1,119,378	85,128	85,128	1,209,597	80,037
North Dakota.....	263,343	230,343	16,500	16,500	239,889	23,454
Ohio.....	3,715,643	3,372,463	171,590	171,590	3,681,379	34,264
Oklahoma.....	779,065	661,065	59,000	59,000	716,605	62,460
Oregon.....	856,046	807,858	24,094	24,094	828,154	27,892
Pennsylvania.....	6,752,794	6,200,348	276,223	276,223	6,289,101	463,693
Rhode Island.....	759,533	724,799	17,367	17,367	741,892	17,641
South Carolina.....	644,088	559,852	42,118	42,118	604,576	39,512
South Dakota.....	208,642	175,078	16,782	16,782	187,593	21,049
Tennessee.....	1,074,219	921,791	76,214	76,214	1,042,345	31,874
Texas.....	2,537,418	2,170,326	183,546	183,546	2,391,055	146,363
Utah.....	328,052	303,450	12,301	12,301	319,732	8,320
Vermont.....	244,238	224,238	10,000	10,000	237,033	7,205
Virginia.....	1,001,637	882,057	59,790	59,790	972,515	29,122
Washington.....	1,081,859	1,002,867	39,496	39,496	1,063,851	18,008
West Virginia.....	995,308	905,308	45,000	45,000	896,211	99,097
Wisconsin.....	1,237,376	1,077,379	74,248	85,749	1,159,080	78,296
Wyoming.....	197,199	177,199	10,000	10,000	190,397	6,802

¹ See table A-4 for advances certified by the Social Security Board.

² Reported by State agencies.

³ Represents excess of expenditures over approved budget.

Table C-3.—*Employment service: Number of local offices of State employment services, by type of office, and number of localities with itinerant service, by State, June 30, 1941*

State	Full-time local offices				Localities with itinerant service	State	Full-time local offices				Localities with itinerant service
	Total	General	Divisional	Limited function			Total	General	Divisional	Limited function	
Total..	1,498	1,329	69	100	3,159	Mo.....	37	28	4	5	98
Ala.....	27	26	0	1	73	Mont.....	² 30	30	0	0	0
Alaska.....	5	5	0	0	0	Nebr.....	20	19	0	1	87
Ariz.....	12	12	0	0	41	Nev.....	9	9	0	0	41
Ark.....	¹ 21	21	0	0	61	N. H.....	12	12	0	0	36
Calif.....	76	70	4	2	37	N. J.....	35	35	0	0	21
Colo.....	33	28	0	5	15	N. Mex.....	12	12	0	0	13
Conn.....	18	18	0	0	11	N. Y.....	96	79	6	11	41
Del.....	4	4	0	0	5	N. C.....	56	36	20	0	150
D. C.....	3	0	3	0	0	N. Dak.....	12	11	0	1	65
Fla.....	25	22	3	0	108	Ohio.....	66	64	0	2	47
Ga.....	34	33	0	1	145	Okla.....	30	28	0	2	71
Hawaii.....	4	4	0	0	4	Oreg.....	22	22	0	0	41
Idaho.....	24	24	0	0	46	Pa.....	84	73	0	11	156
Ill.....	56	42	0	14	110	R. I.....	13	9	0	4	4
Ind.....	28	27	0	1	87	S. C.....	19	19	0	0	39
Iowa.....	33	32	0	1	68	S. Dak.....	13	12	0	1	1
Kans.....	27	27	0	0	98	Tenn.....	35	23	12	0	139
Ky.....	23	19	2	2	112	Tex.....	¹ 95	91	4	0	160
La.....	22	20	2	0	81	Utah.....	9	9	0	0	13
Maine.....	14	13	0	1	12	Vt.....	8	7	0	1	76
Md.....	14	14	0	0	21	Va.....	35	33	2	0	115
Mass.....	35	29	0	6	49	Wash.....	30	20	0	10	51
Mich.....	51	39	0	12	95	W. Va.....	24	23	0	1	49
Minn.....	39	35	4	0	90	Wis.....	32	25	3	4	175
Miss.....	25	25	0	0	80	Wyo.....	11	11	0	0	21

¹ Texarkana office included in Texas data.

² Includes 7 general offices maintained solely by local funds.

Table C-4.—Employment service: Placements and applications, fiscal year 1940-41, and active file, June 30, 1940 and 1941, by State

State	Placements		Applications	Active file, June 30—	
	Complete	Supple- mentary		1940	1941
Total.....	4, 639, 299	1, 635, 796	17, 884, 420	5, 734, 450	5, 126, 192
Alabama.....	54, 933	2, 657	332, 496	115, 237	111, 590
Alaska.....	8, 549	339	13, 921	1, 621	1, 149
Arizona.....	29, 773	60, 422	73, 722	26, 064	20, 487
Arkansas.....	79, 649	202, 874	165, 928	45, 052	81, 526
California.....	336, 287	89, 012	1, 364, 741	486, 309	343, 390
Colorado.....	63, 508	10, 512	184, 993	59, 039	54, 363
Connecticut.....	89, 707	742	255, 815	85, 335	44, 702
Delaware.....	16, 710	832	41, 677	12, 370	8, 736
District of Columbia.....	57, 921	65	152, 759	38, 681	23, 568
Florida.....	85, 939	4, 403	299, 816	68, 932	117, 842
Georgia.....	103, 475	3, 201	333, 640	174, 209	117, 345
Hawaii.....	12, 392	137	23, 008	9, 130	5, 164
Idaho.....	32, 344	19, 884	85, 946	14, 341	34, 938
Illinois.....	214, 567	11, 710	831, 525	193, 563	250, 962
Indiana.....	128, 196	16, 639	484, 937	171, 579	227, 345
Iowa.....	85, 520	7, 033	236, 600	81, 551	68, 881
Kansas.....	69, 774	4, 438	231, 982	59, 970	62, 610
Kentucky.....	39, 788	1, 635	225, 451	95, 993	95, 092
Louisiana.....	75, 204	28, 432	318, 700	89, 037	121, 028
Maine.....	33, 120	329	124, 704	45, 844	26, 948
Maryland.....	62, 664	2, 066	250, 459	72, 511	42, 914
Massachusetts.....	81, 177	737	550, 018	222, 216	134, 835
Michigan.....	155, 875	3, 333	743, 083	252, 172	139, 108
Minnesota.....	80, 678	4, 624	312, 280	137, 803	96, 435
Mississippi.....	50, 585	3, 117	249, 378	52, 033	81, 268
Missouri.....	137, 266	42, 063	603, 157	187, 124	216, 350
Montana.....	22, 812	5, 302	62, 369	25, 864	15, 255
Nebraska.....	35, 849	733	125, 531	47, 346	46, 337
Nevada.....	15, 402	2, 033	34, 447	5, 530	3, 662
New Hampshire.....	23, 695	2, 246	78, 685	24, 478	15, 366
New Jersey.....	155, 076	1, 348	628, 293	264, 132	193, 564
New Mexico.....	22, 089	9, 667	65, 525	35, 528	24, 247
New York.....	451, 743	13, 559	2, 260, 544	676, 505	544, 225
North Carolina.....	168, 667	49, 760	424, 889	94, 655	96, 662
North Dakota.....	44, 093	3, 868	76, 364	30, 232	30, 545
Ohio.....	236, 566	6, 939	929, 709	313, 221	276, 038
Oklahoma.....	51, 795	34, 173	232, 890	86, 474	64, 061
Oregon.....	79, 602	112, 491	228, 978	40, 229	29, 929
Pennsylvania.....	192, 815	12, 265	1, 425, 583	372, 175	333, 713
Rhode Island.....	19, 369	276	111, 200	43, 809	40, 674
South Carolina.....	64, 926	2, 954	160, 031	50, 012	51, 492
South Dakota.....	19, 217	1, 109	50, 623	27, 199	23, 518
Tennessee.....	89, 238	194, 167	231, 874	125, 324	134, 259
Texas.....	387, 373	602, 738	917, 073	256, 863	379, 971
Utah.....	22, 831	1, 805	88, 940	22, 709	21, 509
Vermont.....	13, 472	269	33, 266	19, 366	9, 069
Virginia.....	104, 713	3, 971	265, 575	58, 760	70, 523
Washington.....	76, 535	43, 487	342, 135	105, 375	33, 540
West Virginia.....	40, 159	3, 677	233, 578	86, 896	63, 121
Wisconsin.....	98, 854	5, 496	342, 387	115, 747	90, 923
Wyoming.....	16, 807	227	43, 195	8, 305	5, 413

Table C-5.—*Employment service: Complete placements, by industry division and by sex and race of worker, fiscal year 1940-41*

Industry division	Total	Men		Women	
		White	Other	White	Other
Total.....	4, 639, 299	2, 371, 355	520, 343	1, 350, 054	397, 547
Agriculture, forestry, and fishery.....	316, 661	237, 869	44, 207	23, 912	10, 673
Mining.....	25, 421	22, 819	1, 979	610	13
Construction.....	882, 223	690, 258	187, 166	4, 641	158
Manufacturing.....	945, 459	564, 832	50, 051	312, 747	17, 829
Transportation, communication, and other public utilities.....	119, 902	93, 059	20, 078	6, 641	124
Wholesale and retail trade.....	757, 958	330, 912	64, 918	347, 321	14, 807
Finance, insurance, and real estate.....	37, 718	18, 131	4, 089	14, 063	835
Service.....	1, 546, 046	406, 511	147, 492	638, 953	353, 090
Domestic service.....	999, 398	138, 295	69, 082	458, 986	333, 035
Regular government agencies.....	88, 554	63, 451	13, 522	10, 876	705
Government relief projects.....	61, 576	36, 103	4, 874	18, 654	1, 945
All other.....	396, 518	168, 662	60, 014	150, 437	17, 405
Establishments not elsewhere classified.....	7, 911	6, 904	363	566	18

Table C-6.—*Employment service: Complete placements in selected manufacturing industries essential to national defense, by industry and by sex and race of worker, January-June 1941*

Industry ¹	Total	Men		Women	
		White	Other	White	Other
Total.....	234, 326	196, 157	6, 688	31, 196	285
Aircraft and parts.....	39, 745	38, 387	209	1, 145	4
Automobiles and automobile equipment.....	13, 754	11, 469	351	1, 923	11
Clocks and watches.....	1, 924	846	0	1, 078	0
Electrical machinery.....	29, 521	18, 306	99	11, 093	23
Hardwood distillation, charcoal, and naval stores.....	179	132	39	8	0
Industrial chemicals.....	14, 177	12, 323	515	1, 334	5
Industrial rubber goods.....	820	640	4	176	0
Iron and steel and their products.....	43, 950	37, 112	1, 798	5, 015	25
Lighting fixtures.....	1, 429	1, 055	35	332	7
Machinery (except electrical).....	42, 983	37, 980	751	4, 234	18
Miscellaneous chemical products.....	3, 444	2, 288	116	1, 011	29
Motorcycles, bicycles, and parts.....	155	129	0	26	0
Nonferrous metal products not elsewhere classified.....	7, 605	6, 498	185	918	4
Petroleum refining.....	4, 109	3, 508	386	213	2
Primary alloying, and rolling and drawing of nonferrous metals (except aluminum).....	1, 814	1, 576	21	214	3
Professional and scientific instruments, photographic apparatus, and optical goods.....	2, 702	1, 946	27	728	1
Railroad equipment.....	4, 086	3, 964	33	89	0
Ship and boat building and repairing.....	18, 564	16, 220	2, 050	292	2
Surgical, medical, and dental instruments, equipment, and supplies.....	2, 112	895	35	1, 031	151
Tires and inner tubes.....	1, 253	883	34	336	0

¹ A description of these industries appears in Social Security Board, Bureau of Employment Security, *Industrial Classification Code*, 1939, vol. I, pt. 2.

Table C-7.—Employment service: Complete placements from pre-employment refresher courses, by age group, race, type of course, and occupation of person placed, January-June 1941

	Placements
Total.....	32,430
Age group (years):	
Under 21.....	7,975
21-24.....	9,291
25-44.....	13,438
45 and over.....	1,721
Unspecified.....	5
Race:	
White.....	32,161
Other.....	264
Unspecified.....	5
Type of course:	
Aviation services.....	12,454
Drafting and blueprinting.....	478
Machine shop.....	12,932
Sheet-metal work.....	1,752
Welding.....	1,685
All other.....	3,129
Occupation in which placed:	
Professional and managerial.....	457
Clerical and sales.....	626
Service.....	320
Agricultural, fishery, and forestry.....	61
Skilled.....	10,870
Semiskilled.....	15,367
Unskilled.....	3,759
Unspecified.....	970

Table C-8.—*Unemployment compensation: Statutory size-of-firm provisions for fiscal year 1940-41, subject employers as of March 31, 1941, and workers with wage credits in 1940*

State	Statutory size-of-firm provisions for coverage (number of workers) ¹	Subject employers as of Mar. 31, 1941 ²	Workers with wage credits in 1940 ³	State	Statutory size-of-firm provisions for coverage (number of workers) ¹	Subject employers as of Mar. 31, 1941 ²	Workers with wage credits in 1940 ³
Total..	-----	846,795	434,643,800	Mo.....	8 or more.....	12,617	804,100
Ala.....	8 or more.....	5,307	448,600	Mont.....	1 or more ¹⁰	9,112	131,900
Alaska.....	do.....	567	23,700	Nebr.....	8 or more.....	3,582	177,000
Ariz.....	3 or more.....	4,007	112,700	Nev.....	1 or more ¹¹	3,083	48,400
Ark.....	1 or more.....	18,471	271,800	N. H.....	4 or more.....	4,190	159,000
Calif.....	4 or more.....	49,712	2,191,000	N. J.....	8 or more.....	24,773	1,400,000
Colo.....	8 or more.....	4,373	222,000	N. Mex.....	2 or more ¹²	4,975	95,800
Conn.....	5 or more.....	10,545	780,000	N. Y.....	4 or more.....	13 142,002	4,800,000
Del.....	1 or more.....	5,547	103,000	N. C.....	8 or more.....	9,320	714,100
D. C.....	do.....	17,145	248,000	N. Dak.....	do.....	1,436	50,700
Fla.....	8 or more.....	6,921	508,300	Ohio.....	3 or more.....	57,701	2,250,000
Ga.....	do.....	7,253	570,500	Okla.....	8 or more.....	5,672	308,000
Hawaii.....	1 or more.....	4,924	125,000	Oreg.....	4 or more ¹⁴	9,731	313,200
Idaho.....	do. ⁶	9,151	111,000	Pa.....	1 or more.....	150,263	3,300,000
Ill.....	6 or more.....	41,541	2,479,000	R. I.....	4 or more.....	6,458	288,000
Ind.....	8 or more.....	10,660	901,100	S. C.....	8 or more.....	3,911	346,500
Iowa.....	do.....	8,031	394,800	S. Dak.....	do.....	1,680	58,300
Kans.....	do.....	4,888	254,000	Tenn.....	do.....	6,370	489,400
Ky.....	(7).....	8,268	427,700	Tex.....	do.....	16,675	1,185,300
La.....	4 or more ⁸	11,569	547,200	Utah.....	1 or more ¹⁵	6,657	128,500
Maine.....	8 or more.....	3,682	221,200	Vt.....	8 or more.....	1,666	79,500
Md.....	4 or more.....	12,239	570,000	Va.....	do.....	8,024	597,000
Mass.....	do.....	34,088	1,446,000	Wash.....	do.....	7,782	452,500
Mich.....	8 or more.....	16,826	1,556,000	W. Va.....	do.....	4,432	418,800
Minn.....	1 or more ⁹	28,702	525,100	Wis.....	6 or more ¹⁶	12,502	700,000
Miss.....	8 or more.....	3,348	245,300	Wyo.....	1 or more ¹⁷	4,416	61,300

¹ Different individuals employed in specified number of weeks in current or preceding calendar year.

² A subject employer is an employing unit (or group of units) which is subject to the State unemployment compensation law and which for the purpose of determining liability is considered 1 legal entity.

³ Estimated number of different workers in each State with wages in covered employment some time in 1940.

⁴ Not corrected for unknown number of workers who had wage credits in more than 1 State.

⁵ Preliminary.

⁶ And total wages of \$78 or more in 1 quarter.

⁷ Wages of at least \$50 to each of at least 4 workers in each of 3 quarters; or 8 or more workers within 20 weeks of calendar year.

⁸ Or, to Jan. 1, 1941, 12 or more in 10 weeks.

⁹ Excludes services for employers not subject to Federal unemployment tax and not located in a city, village, or borough of 10,000 or more population, if employer has paid all past contributions.

¹⁰ And total annual wages of \$500 or more; beginning Jan. 1, 1941, 1 or more or total annual wages of \$500 or more.

¹¹ And total wages of \$225 or more in 1 quarter.

¹² Or total wages of \$450 or more in 1 quarter.

¹³ As of May 31, 1941.

¹⁴ And total wages of \$500 or more in 1 quarter.

¹⁵ And total wages of \$140 or more in 1 quarter.

¹⁶ Or total annual wages of \$6,000 or more, if employer's records do not permit accurate count of workers.

¹⁷ And total wages of \$150 or more in 1 quarter.

Table C-9.—*Unemployment compensation: New claims disposed of on first determination, number allowed, and number disallowed by reason for disallowance, by State, fiscal year 1940-41*

State	Total	Allowed	Disallowed			
			Total	Insufficient wage credits	No wage record	Other
Fiscal year 1939-40, total.....	7, 590, 769	6, 234, 335	1 1, 356, 434	775, 083	442, 810	115, 838
Fiscal year 1940-41, total.....	5, 793, 730	4, 806, 759	1 986, 971	599, 912	315, 797	65, 942
Alabama.....	73, 943	63, 115	10, 828	8, 024	2, 804	0
Alaska.....	5, 732	4, 078	1, 654	808	548	298
Arizona.....	17, 811	14, 991	2, 820	2, 269	457	94
Arkansas.....	54, 542	41, 026	13, 516	7, 201	6, 315	0
California.....	445, 898	355, 933	89, 965	65, 848	24, 117	0
Colorado.....	40, 419	30, 630	9, 789	6, 035	2, 713	1, 041
Connecticut.....	70, 656	55, 658	14, 998	5, 438	2, 410	7, 150
Delaware.....	14, 835	12, 191	2, 644	1, 891	753	0
District of Columbia.....	26, 292	22, 719	3, 573	2, 183	699	691
Florida.....	100, 950	52, 248	48, 702	42, 538	5, 207	957
Georgia.....	89, 342	69, 545	19, 797	11, 805	7, 062	930
Hawaii.....	5, 835	5, 043	792	585	196	11
Idaho.....	21, 093	15, 842	5, 251	3, 929	587	735
Illinois.....	399, 298	336, 970	62, 328	31, 664	27, 395	3, 269
Indiana.....	86, 343	78, 555	7, 788	7, 641	147	0
Iowa.....	66, 938	49, 389	17, 549	8, 030	2, 859	6, 660
Kansas.....	35, 131	30, 676	4, 455	2, 533	1, 922	0
Kentucky.....	73, 912	56, 118	17, 794	12, 514	5, 280	0
Louisiana.....	120, 620	84, 929	35, 691	23, 877	11, 814	0
Maine.....	43, 016	36, 838	6, 178	3, 032	3, 146	0
Maryland.....	70, 754	64, 589	6, 165	3, 567	2, 598	0
Massachusetts.....	267, 740	223, 323	44, 417	25, 482	9, 818	9, 117
Michigan.....	333, 063	295, 538	37, 525	27, 663	9, 662	200
Minnesota.....	95, 195	77, 122	18, 073	14, 080	3, 993	0
Mississippi.....	47, 885	34, 028	13, 857	9, 480	3, 204	1, 173
Missouri.....	121, 809	104, 611	17, 198	7, 199	8, 776	1, 223
Montana.....	27, 898	25, 344	2, 554	1, 441	819	294
Nebraska.....	26, 038	17, 618	8, 420	6, 312	2, 108	0
Nevada.....	10, 211	7, 971	2, 240	1, 070	647	523
New Hampshire.....	26, 803	23, 586	3, 217	2, 287	930	0
New Jersey.....	252, 098	230, 793	21, 305	10, 705	9, 262	1, 338
New Mexico.....	15, 758	11, 462	4, 296	2, 887	1, 409	0
New York.....	965, 367	800, 793	164, 574	98, 943	65, 631	0
North Carolina.....	144, 156	107, 526	36, 630	16, 158	17, 911	2, 561
North Dakota.....	8, 280	6, 221	2, 059	1, 242	745	72
Ohio.....	206, 318	177, 004	29, 314	28, 738	3, 437	17, 139
Oklahoma.....	57, 560	47, 448	10, 112	4, 355	4, 605	1, 152
Oregon.....	52, 045	46, 402	5, 643	3, 704	1, 462	477
Pennsylvania.....	528, 484	489, 214	39, 270	24, 376	14, 894	0
Rhode Island.....	68, 585	61, 218	7, 367	5, 460	1, 831	76
South Carolina.....	66, 690	47, 171	19, 519	16, 048	3, 471	0
South Dakota.....	8, 998	7, 610	1, 388	540	537	311
Tennessee.....	88, 134	68, 348	19, 786	14, 347	5, 439	0
Texas.....	163, 140	121, 220	41, 920	19, 349	20, 830	1, 741
Utah.....	19, 379	15, 655	3, 724	3, 059	663	2
Vermont.....	11, 193	9, 262	1, 931	1, 467	464	0
Virginia.....	76, 703	67, 180	9, 523	5, 709	1, 644	2, 170
Washington.....	95, 802	76, 515	19, 287	12, 245	7, 005	37
West Virginia.....	65, 495	53, 956	11, 539	2, 327	5, 168	4, 044
Wisconsin ³	68, 220	62, 900	5, 320	(⁴)	(⁴)	(⁴)
Wyoming.....	11, 323	8, 637	2, 686	1, 827	403	456

¹ Includes some disallowed claims not classified by reason for disallowance.

² Disallowed because of insufficient weeks of employment in base period.

³ Represents all initial claims for total and part-total unemployment; excludes claims for partial unemployment.

⁴ Provision of State law not comparable.

Table C-10.—*Unemployment compensation: Weekly average of beneficiaries, first payments issued, exhaustions of benefit rights, and exhaustion ratios, by State, fiscal year 1940-41*

State	Weekly average of beneficiaries	First payments issued	Exhaustions of benefit rights	Ratio (percent) of exhaustions to first payments
Total.....	802, 750	¹ 3, 859, 216	¹ 2, 151, 556	¹ 55. 8
Alabama.....	11, 992	44, 169	22, 861	51. 8
Alaska.....	630	4, 173	1, 874	44. 9
Arizona.....	1, 945	10, 746	7, 746	72. 1
Arkansas.....	8, 264	34, 929	20, 410	58. 4
California.....	86, 678	324, 809	166, 224	51. 2
Colorado.....	6, 233	26, 066	14, 259	54. 7
Connecticut.....	6, 566	42, 272	23, 000	54. 4
Delaware.....	1, 579	10, 025	6, 349	63. 3
District of Columbia.....	3, 984	16, 472	6, 297	38. 2
Florida.....	11, 565	49, 441	33, 269	67. 3
Georgia.....	10, 792	52, 700	43, 359	82. 3
Hawaii.....	526	3, 186	1, 829	57. 4
Idaho.....	3, 133	13, 694	9, 090	66. 4
Illinois.....	59, 062	287, 200	143, 653	50. 0
Indiana.....	13, 216	(²)	(²)	-----
Iowa.....	7, 077	43, 061	23, 008	53. 4
Kansas.....	3, 796	26, 159	15, 899	60. 8
Kentucky.....	10, 049	38, 966	22, 647	58. 1
Louisiana.....	15, 055	69, 138	49, 923	72. 2
Maine.....	7, 269	30, 771	14, 153	46. 0
Maryland.....	11, 302	52, 982	31, 554	59. 6
Massachusetts.....	48, 438	196, 852	108, 260	55. 0
Michigan.....	34, 081	238, 109	56, 161	23. 6
Minnesota.....	16, 152	69, 130	41, 664	60. 3
Mississippi.....	5, 730	27, 525	16, 518	60. 0
Missouri.....	13, 943	111, 358	58, 419	52. 5
Montana.....	5, 195	22, 400	10, 543	47. 1
Nebraska.....	3, 476	14, 944	8, 173	54. 7
Nevada.....	1, 572	6, 742	3, 921	58. 2
New Hampshire.....	3, 671	18, 914	9, 402	49. 7
New Jersey.....	26, 398	161, 556	95, 403	59. 0
New Mexico.....	2, 446	10, 441	5, 514	52. 8
New York.....	144, 752	687, 265	453, 499	66. 0
North Carolina.....	15, 575	66, 450	30, 140	45. 4
North Dakota.....	1, 255	5, 610	3, 745	66. 8
Ohio.....	36, 147	136, 684	79, 756	58. 4
Oklahoma.....	6, 527	41, 801	30, 110	72. 0
Oregon.....	5, 016	34, 834	17, 052	49. 0
Pennsylvania.....	59, 168	401, 242	221, 642	55. 2
Rhode Island.....	9, 274	46, 800	33, 140	70. 8
South Carolina.....	5, 863	27, 336	12, 836	47. 0
South Dakota.....	1, 011	4, 901	2, 424	49. 4
Tennessee.....	13, 771	57, 715	30, 555	52. 9
Texas.....	19, 635	105, 291	67, 922	64. 5
Utah.....	2, 748	14, 673	7, 361	50. 2
Vermont.....	1, 438	7, 058	3, 727	52. 8
Virginia.....	11, 142	56, 423	30, 562	54. 2
Washington.....	11, 763	58, 580	29, 542	50. 4
West Virginia.....	8, 441	40, 185	21, 816	54. 3
Wisconsin.....	6, 053	(²)	(²)	-----
Wyoming.....	1, 356	7, 438	4, 345	58. 4

¹ Excludes Indiana and Wisconsin.² Provision of State law not comparable.

Table C-11.—Unemployment compensation: Weeks of unemployment compensated and amount of benefits paid, by State and type of unemployment, fiscal year 1940-41

State	Weeks compensated				Benefits paid ¹ (in thousands)			
	Total number	Total unemployment	Partial and part-total unemployment ²	Partial unemployment only	Total amount ⁴	Total unemployment	Partial and part-total unemployment ²	Partial unemployment only
Total.....	41, 742, 991	37, 677, 948	4, 065, 043	-----	\$433, 367	\$406, 105	\$26, 924	-----
Alabama.....	623, 610	584, 923	38, 687	17, 270	4, 073	3, 871	198	\$80
Alaska.....	32, 747	31, 246	1, 501	0	455	441	14	0
Arizona.....	101, 140	95, 098	6, 042	373	1, 076	1, 030	46	2
Arkansas.....	429, 729	400, 466	29, 263	1, 892	2, 733	2, 615	118	9
California.....	4, 507, 269	3, 891, 665	615, 604	425, 287	62, 241	56, 568	5, 562	3, 733
Colorado.....	324, 111	285, 022	39, 089	25, 623	3, 251	2, 943	307	198
Connecticut.....	341, 427	300, 415	41, 012	(⁵)	3, 234	2, 990	239	(⁵)
Delaware.....	82, 130	59, 343	22, 787	21, 410	649	526	122	113
District of Columbia.....	207, 148	194, 827	12, 321	(⁵)	2, 398	2, 260	131	(⁵)
Florida.....	601, 355	526, 341	75, 014	(⁵)	5, 906	5, 368	538	(⁵)
Georgia.....	561, 207	519, 805	41, 402	30, 336	3, 681	3, 520	160	118
Hawaii.....	27, 338	23, 342	3, 996	3, 879	198	177	21	20
Idaho.....	162, 909	154, 206	8, 703	(⁵)	1, 797	1, 724	73	(⁵)
Illinois.....	3, 071, 218	2, 208, 837	862, 381	633, 720	35, 263	28, 764	6, 422	4, 374
Indiana.....	687, 257	548, 572	138, 685	(⁵)	6, 744	5, 997	744	(⁵)
Iowa.....	368, 029	313, 437	54, 592	14, 639	3, 292	2, 979	308	70
Kansas.....	197, 366	171, 883	25, 483	14, 562	1, 749	1, 584	165	88
Kentucky.....	522, 535	430, 927	91, 609	² 5, 710	3, 818	3, 380	414	² 6
Louisiana.....	732, 840	725, 318	57, 522	(⁵)	6, 794	6, 385	400	(⁵)
Maine.....	377, 966	308, 681	69, 285	³ 45, 344	2, 494	2, 101	393	² 261
Maryland.....	587, 680	504, 950	82, 730	78, 101	5, 334	4, 843	489	456
Massachusetts.....	2, 518, 774	2, 359, 749	² 159, 025	² 148, 867	25, 229	24, 342	² 887	² 809
Michigan.....	1, 772, 207	1, 563, 408	208, 799	(⁵)	21, 235	19, 877	1, 357	(⁵)
Minnesota.....	839, 900	770, 940	68, 960	² 7, 921	8, 493	7, 937	555	² 62
Mississippi.....	297, 945	279, 434	² 18, 511	² 6, 995	1, 919	1, 824	² 95	² 37
Missouri.....	725, 055	581, 799	143, 256	84, 724	5, 970	5, 260	710	396
Montana.....	270, 156	270, 156	(²)	(²)	2, 972	2, 972	(²)	(²)
Nebraska.....	180, 761	164, 100	16, 661	8, 615	1, 623	1, 502	121	60
Nevada.....	81, 718	74, 110	7, 608	2, 780	1, 061	985	76	26
New Hampshire.....	190, 869	143, 993	46, 876	(⁵)	1, 502	1, 259	243	(⁵)
New Jersey.....	1, 372, 675	1, 343, 692	² 28, 983	(⁵)	13, 541	13, 353	² 184	(⁵)
New Mexico.....	127, 201	115, 876	11, 325	7, 036	1, 130	1, 048	82	48
New York.....	7, 527, 099	7, 527, 099	(²)	(²)	87, 242	87, 242	(²)	(²)
North Carolina.....	809, 911	755, 883	54, 028	47, 871	3, 875	3, 723	149	122
North Dakota.....	65, 279	58, 006	7, 273	4, 089	614	557	57	32
Ohio ⁶	1, 879, 631	1, 579, 693	299, 938	(⁵)	17, 452	15, 965	1, 439	(⁵)
Oklahoma.....	339, 388	288, 715	50, 673	7, 422	3, 131	2, 814	317	31
Oregon.....	260, 854	221, 735	39, 119	28, 740	3, 039	2, 732	298	210
Pennsylvania.....	3, 076, 744	3, 076, 744	(²)	(²)	33, 794	33, 794	(²)	(²)
Rhode Island.....	482, 228	402, 962	79, 266	(⁵)	4, 731	4, 355	376	(⁵)
South Carolina.....	304, 860	264, 026	40, 834	18, 449	2, 003	1, 814	187	76
South Dakota.....	52, 586	48, 982	3, 604	(⁵)	374	352	22	(⁵)
Tennessee.....	716, 091	658, 291	57, 800	22, 502	5, 271	4, 999	272	96
Texas.....	1, 021, 028	870, 140	150, 888	(⁵)	7, 911	7, 141	765	(⁵)
Utah.....	142, 920	127, 653	15, 267	3, 750	1, 825	1, 420	105	26
Vermont.....	74, 789	68, 136	6, 653	5, 096	659	624	34	24
Virginia.....	579, 382	506, 190	73, 192	58, 205	4, 418	4, 035	381	286
Washington.....	611, 689	530, 395	81, 294	(⁵)	7, 413	6, 718	695	(⁵)
West Virginia.....	438, 931	407, 620	31, 311	17, 472	3, 817	3, 494	323	202
Wisconsin.....	314, 770	282, 618	32, 152	16, 900	3, 375	3, 161	214	100
Wyoming.....	70, 538	56, 499	14, 039	8, 841	868	740	128	75

¹ Unadjusted for voided benefit checks.² Benefits for partial and part-total unemployment not provided by State law in Montana, New York, and Pennsylvania. Provision for such payments became effective in New Jersey in April 1941 and in Massachusetts in October 1940. In Mississippi, where provisions for part-total unemployment were in operation previously, benefits for partial unemployment became effective in October 1940.³ Excludes Kentucky data for July-March; Maine, for July-August; and Minnesota, for July-April.⁴ Includes supplemental payments not classified by type of unemployment.⁵ Included with part-total unemployment.⁶ Includes payments arising from recalculation of weekly benefit amounts and payments delayed as a result of labor dispute in mining in 1939.

Table C-12.—Unemployment compensation: Percentage distribution of weeks of total unemployment compensated by amount of benefit payment, for each State, April-June 1941

State	Number of weeks compensated	Percent of weeks compensated ¹ in amounts of—				Minimum weekly benefit		Maximum weekly benefit	
		Less than \$5.00	\$5.00-9.99	\$10.00-14.99	\$15.00 or more	Amount as of June 30	Percent of total weeks compensated	Amount as of June 30	Percent of total weeks compensated
Total.....	7,697,343	3.0	36.9	31.3	28.8				
Alabama ¹	110,228	19.6	59.5	13.6	7.3	\$2.00	4.0	\$15	7.3
Alaska.....	7,003		6.0	15.4	78.6	5.00	.8	16	75.1
Arizona.....	16,928	.9	43.4	29.0	26.7	None		15	26.7
Arkansas.....	105,822	22.3	52.3	19.1	6.3	3.00	12.7	15	6.3
California.....	841,808			49.4	50.6	10.00	17.5	18	32.6
Colorado.....	57,710		48.6	31.8	19.6	5.00	6.8	15	19.6
Connecticut.....	42,382		48.2	32.1	19.7	5.00	.4	15	19.7
Delaware.....	10,615		59.8	24.2	16.0	5.00	17.2	15	16.0
District of Columbia ²	42,624	.1	27.6	38.2	34.1	6.00	6.5	18	21.4
Maine.....	93,207	3.3	36.3	27.2	33.2	3.00	.7	15	33.2
Georgia ²	94,405	10.3	71.4	12.1	6.2	4.00	³ 7.5	18	1.1
Hawaii.....	7,280		86.9	5.3	7.8	5.00	60.9	20	.2
Idaho.....	31,942		33.7	47.3	19.0	5.00	3.7	18	3.1
Illinois.....	524,256		15.5	36.3	48.2	7.00	4.7	16	42.2
Indiana.....	77,190	1.1	36.2	38.1	24.6	3.00	.2	15	24.6
Iowa.....	58,103	.9	53.8	29.8	15.5	None		15	15.5
Kansas ²	38,283	(4)	51.3	29.8	18.9	5.00	18.2	15	18.9
Kentucky.....	89,998	17.6	61.6	17.4	3.4	⁴ 4.00	6.0	⁵ 15	3.4
Louisiana.....	162,865	9.8	49.4	20.4	20.4	3.00	4.8	18	14.4
Maine ²	57,631	3.1	83.3	10.7	2.9	5.00	37.2	15	2.9
Maryland ²	136,876		41.8	35.0	23.2	7.00	19.7	17	16.5
Massachusetts.....	454,546		46.4	27.7	25.9	6.00	17.4	15	25.9
Michigan.....	188,521		39.2	32.1	28.7	6.00	.8	16	24.3
Minnesota.....	163,015		45.8	31.7	22.5	5.00	9.3	15	22.5
Mississippi ²	55,341	18.4	57.6	10.6	13.4	3.00	8.4	15	13.4
Missouri.....	104,529	5.0	56.9	24.6	13.5	2.00	.5	15	13.5
Montana.....	71,091		36.8	31.9	31.3	5.00	7.7	15	31.3
Nebraska.....	30,069		60.1	26.8	13.1	5.00	16.7	15	13.1
Nevada.....	14,387		11.0	23.4	62.6	5.00	.8	15	62.6
New Hampshire ²	39,077		65.1	26.9	8.0	6.00	³ 21.3	15	8.0
New Jersey ²	272,628		37.1	32.2	30.7	7.00	11.1	18	11.5
New Mexico.....	24,760	13.5	48.9	23.1	14.5	3.00	4.2	15	14.5
New York.....	1,584,484		33.9	32.3	33.8	7.00	16.9	15	33.8
North Carolina ²	151,300	41.6	50.3	6.4	1.7	3.00	³ 11.3	15	1.7
North Dakota.....	13,837		54.0	28.9	17.1	5.00	13.7	15	17.1
Ohio.....	282,241	4.8	44.3	31.6	19.3	None		15	19.3
Oklahoma.....	67,259	4.6	48.6	28.0	18.8	None		15	18.8
Oregon.....	43,317		20.3	31.9	47.8	10.00	⁴ 4.6	15	47.8
Pennsylvania.....	665,946		34.7	35.7	29.6	7.50	19.9	15	29.6
Rhode Island.....	117,004		44.1	37.9	18.0	6.00	.2	16	14.9
South Carolina.....	44,771	12.3	71.8	10.0	5.9	3.00	4.6	15	5.9
South Dakota ²	12,223	33.8	46.8	13.7	5.7	3.00	4.4	15	5.7
Tennessee.....	136,194	9.2	65.6	17.1	8.1	4.00	9.2	15	8.1
Texas.....	178,898		68.5	18.1	13.4	⁵ 5.00	30.6	⁶ 15	13.4
Utah.....	15,948		35.5	29.9	34.6	5.00	4.1	16	29.8
Vermont ²	10,915	.7	60.4	23.1	15.8	5.00	1.6	15	15.8
Virginia.....	112,154	15.2	61.4	16.5	6.9	3.00	6.4	15	6.9
Washington.....	97,501		21.4	31.8	46.8	7.00	7.5	15	46.8
West Virginia ²	87,579	1.3	53.4	32.1	13.2	6.00	³ 16.8	15	13.2
Wisconsin.....	37,570		48.2	30.8	21.0	6.00	15.2	⁷ 15	18.6
Wyoming.....	13,082		25.1	26.5	48.4	5.00	2.8	18	33.0

¹ Excludes final payments for less than benefit rate.² Amendments to State provisions for minimum and/or maximum weekly benefit effective during quarter; data represent payments under both sets of provisions.³ Represents percent of payments within dollar interval including minimum.⁴ Less than 0.05 percent.⁵ State law provides minimum and maximum for benefit period of 14 consecutive days: In Kentucky, \$8 and \$30; in Texas, \$10 and \$30.⁶ Represents percent of payments at minimum of \$7 in effect through June 13.⁷ Under provision of State law, it is possible for some payments to exceed maximum.

Table C-13.—*Unemployment compensation: State funds available for benefits, collections and interest, and benefits paid, by State, fiscal year 1940-41*

State	Funds available for benefits, June 30 1—		Fiscal year 1940-41				
	1940	1941	Collections and interest			Transfers to railroad unemployment insurance account	Benefits paid 4
			Total	Collections 2	Interest 3		
Total	\$1,707,046,087	\$2,104,873,261	\$934,342,872	\$888,449,754	\$45,893,118	\$104,099,951	\$432,415,747
Ala.	14,438,610	21,480,709	11,099,686	10,663,591	436,095	-----	4,057,587
Alaska	1,015,988	1,253,559	705,521	678,517	27,004	13,379	454,571
Ariz.	3,037,329	3,865,671	2,228,538	2,145,673	82,865	338,235	1,061,961
Ark.	7,234,832	7,022,908	3,583,700	3,415,638	168,062	1,087,846	2,707,778
Calif.	154,099,460	168,316,950	84,164,667	80,198,722	3,965,945	7,803,780	62,143,397
Colo.	10,815,286	10,960,424	4,916,890	4,661,517	255,373	1,528,040	3,243,712
Conn.	34,080,003	53,716,748	22,863,608	21,792,500	1,071,108	8,996	3,217,867
Del.	6,503,665	8,007,835	2,612,747	2,440,826	171,921	461,070	647,507
D. C.	19,313,785	21,618,543	5,486,973	4,991,544	495,429	790,229	2,391,986
Fla.	14,214,570	14,467,069	7,608,063	7,290,386	317,677	1,508,551	5,877,013
Ga.	23,301,687	26,840,793	9,653,421	9,045,530	607,891	2,438,699	3,675,616
Hawaii	5,739,639	7,684,007	2,221,795	2,057,704	164,091	79,881	197,546
Idaho	2,598,078	2,553,953	2,121,747	2,058,250	63,497	373,014	1,792,858
Ill.	187,230,988	213,671,566	75,461,762	70,625,481	4,836,281	13,841,173	35,180,011
Ind.	39,787,037	54,173,941	24,293,995	23,152,790	1,141,205	3,189,592	6,717,499
Iowa	16,224,672	18,943,451	8,129,100	7,713,322	415,778	2,122,341	3,287,980
Kans.	14,861,832	15,612,835	5,223,142	4,863,125	360,017	2,724,058	1,747,631
Ky.	28,947,276	34,428,881	12,030,576	11,255,301	775,275	2,751,978	3,796,993
La.	18,962,009	19,376,752	8,372,694	7,917,996	454,698	1,179,639	3,776,312
Maine	3,770,969	5,350,250	4,320,710	4,216,072	104,638	255,337	2,486,092
Md.	18,709,933	26,549,518	14,356,637	13,806,434	550,203	1,195,347	5,321,705
Mass.	76,378,255	90,973,345	41,861,448	39,874,081	1,987,367	2,312,726	25,133,632
Mich.	61,032,969	96,971,515	59,065,175	57,207,517	1,857,658	1,931,486	21,195,143
Minn.	23,790,715	24,428,819	11,625,187	11,041,431	583,756	2,516,982	8,470,101
Miss.	4,342,913	4,770,874	2,986,939	2,881,401	105,538	642,413	1,916,565
Mo.	56,005,377	67,491,687	22,322,235	20,827,198	1,495,037	4,871,464	5,964,461
Mont.	6,109,699	4,932,567	2,976,313	2,845,057	131,256	1,186,104	2,967,341
Nebr.	10,422,324	9,569,409	2,450,180	2,212,009	238,171	1,681,585	1,621,510
Nev.	1,493,529	1,095,607	1,017,543	987,375	30,168	356,735	1,058,730
N. H.	5,683,165	7,004,213	3,053,769	2,900,624	153,145	238,106	1,494,615
N. J.	115,747,668	153,782,571	55,816,873	52,554,447	3,262,426	4,268,521	13,513,449
N. Mex.	2,854,267	2,701,299	1,491,073	1,425,654	65,419	514,545	1,129,496
N. Y.	195,993,137	237,711,309	135,700,330	130,462,843	5,237,487	6,857,977	87,124,181
N. C.	21,934,565	30,229,670	13,256,672	12,643,726	612,946	1,103,335	3,858,232
N. Dak.	2,415,177	2,015,134	789,668	735,866	53,802	577,480	612,231
Ohio	149,298,481	189,038,383	65,668,293	61,588,845	4,079,448	8,535,006	17,393,385
Okla.	16,144,723	18,613,939	6,596,286	6,170,401	425,885	1,001,133	3,125,937
Oreg.	8,345,010	12,114,669	7,391,276	7,138,348	252,928	590,392	3,031,225
Pa.	114,959,113	162,752,686	88,215,108	84,918,917	3,296,191	6,698,999	33,722,536
R. I.	9,545,920	15,770,269	11,069,814	10,767,346	302,468	151,992	4,693,473
S. C.	10,249,019	13,775,351	5,524,814	5,236,419	288,395	0	1,998,482
S. Dak.	3,113,399	3,382,512	1,045,519	965,509	80,010	403,304	273,102
Tenn.	14,232,762	16,978,745	9,586,395	9,215,519	370,876	1,527,440	5,312,972
Tex.	51,794,696	59,762,103	20,079,204	18,711,546	1,367,658	4,227,030	7,884,767
Utah	3,851,818	4,781,674	2,968,935	2,865,330	103,605	516,976	1,522,103
Vt.	2,702,681	3,708,299	1,664,374	1,584,851	79,473	0	658,706
Va.	19,288,372	23,082,834	10,659,822	10,160,226	499,596	2,453,850	4,411,510
Wash.	21,739,780	24,756,338	12,090,702	11,523,905	566,797	1,674,679	7,399,465
W. Va.	16,557,190	22,844,389	11,100,004	10,647,205	452,799	1,001,586	3,811,219
Wis.	53,667,229	61,868,293	13,529,323	12,134,885	1,394,438	1,964,430	3,363,829
Wyo.	2,434,486	2,248,395	1,283,676	1,230,354	53,322	602,040	867,727

¹ Represents sum of balances in State clearing account, benefit-payment account, and unemployment trust fund account maintained in the U. S. Treasury.

² Represents contributions plus such penalties and interest collected from employers and contributions from employees as are available for benefit payments. Figures adjusted for refunds of contributions and for dishonored contribution checks. Employer contributions of 2.7 percent of taxable wages collected in all States except Michigan, where rate was 3 percent. Experience rating, resulting in modified contribution rates, became effective Jan. 1, 1938, in Wisconsin; Jan. 1, 1940, in Indiana, Nebraska, and South Dakota; Jan. 1, 1941, in California, Kansas, Kentucky, Minnesota, New Hampshire, Texas, Vermont, Virginia, and West Virginia; and Apr. 1, 1941, in Alabama, Connecticut, and Hawaii. Employee contributions of 1.5 percent of taxable wages collected in Rhode Island and of 1 percent in Alabama, California, Kentucky, and New Jersey.

³ Represents earnings of State accounts in unemployment trust fund maintained in the U. S. Treasury; data reported by the Treasury.

⁴ Adjusted for voided benefit checks.

• D •

Public Assistance

To supplement text discussion of State public assistance programs, Nationwide data on recipients and payments in States with and without plans approved under the Social Security Act are summarized in this appendix, which also includes comparable information on State and local programs for general relief, on the Federal program administered by the Farm Security Administration, and on Federal work projects (D-1, D-2). For each State with a plan approved by the Social Security Board for old-age assistance, aid to dependent children, or aid to the blind (special types of public assistance), data are also presented on the number of recipients in June 1941 and applications for assistance pending at the close of the fiscal year (D-3); average payment per recipient and distribution of recipients by size of payment (D-4, D-5, D-6); and expenditures for assistance payments by source of funds (D-7, D-8, D-9). Summarized figures on administrative costs of these approved programs are shown for the United States as a whole in table D-10.

Figures for special types of public assistance in these tables appear on several different bases. Payments and recipients in the continental United States (D-1, D-2) exclude Alaska and Hawaii but include figures, in italics, for State plans which are administered without Federal participation; amounts of payments in these tables represent expenditures for payments to recipients. Average payments to recipients of public assistance in States with approved plans (D-4, D-5, D-6) are based on obligations incurred, while payments by source of funds (D-7, D-8, D-9) represent expenditures for most States. For definitions of terms relating to statistics on public assistance and Federal work programs, see *Social Security Bulletin*, Vol. 4, No. 9 (September 1941), pp. 50-52.

Appendix A contains data pertinent to the public assistance programs, showing the specific functions of the Bureau of Public Assistance, personnel of that bureau (A-1) and obligations incurred for salaries and travel expenses (A-2), Federal appropriations and expenditures (checks cashed) for grants to States (A-3), and grants to the States certified by the Board for the Federal share of assistance payments and administrative expenses (A-4). The introduction to that appendix indicates the reasons for differences between figures presented for similar or more inclusive data and cites sources of current information on public assistance and related programs.

Table D-1.—Public assistance and Federal work programs: Assistance and earnings in the continental United States, by State, fiscal year 1940-41¹

[In thousands]

State	Total :	Assistance to recipients				Earnings of persons employed under Federal work programs ⁶					Earnings on regular Federal construction projects ¹¹	
		Special types of public assistance ³			General relief ⁴	Subsistence payments certified by the Farm Security Administration ⁵	Civilian Conservation Corps ⁷	National Youth Administration ⁸		Work Projects Administration ⁹		Other Federal agency projects financed from emergency funds ¹⁰
		Old-age assistance	Aid to dependent children	Aid to the blind				Student work program	Out-of-school work program			
Total.....	\$2,515,454	\$504,255	\$145,384	\$22,258	\$336,939	\$14,546	\$201,687	\$27,077	\$80,375	\$1,143,240	\$39,687	\$1,002,596
Alabama.....	36,470	2,213	964	65	259	1,918	7,866	559	1,861	20,222	543	17,216
Arizona.....	12,247	2,858	970	124	586	774	1,931	132	285	4,537	50	3,592
Arkansas.....	30,730	2,215	941	114	292	1,147	8,531	318	1,288	16,798	86	5,590
California.....	184,070	68,344	8,741	4,187	28,439	1,711	5,492	1,683	3,723	61,315	806	80,754
Colorado.....	38,187	15,972	2,249	205	2,056	395	2,040	309	814	13,201	1,037	5,137
Connecticut.....	23,347	5,766	719	137	4,203	1	817	207	814	10,339	410	11,958
Delaware.....	3,077	347	234	—	272	3	217	33	163	1,804	4	2,465
District of Columbia.....	13,453	1,049	427	74	600	—	584	158	302	8,364	1,895	28,302
Florida.....	32,559	5,590	13,107	13,391	735	91	3,442	300	985	19,287	118	27,976
Georgia.....	37,134	3,993	1,105	171	498	664	6,987	649	2,103	20,786	—	18,027
Idaho.....	11,069	2,445	1,051	75	508	193	718	151	365	5,516	47	1,225
Illinois.....	189,445	37,609	2,077	2,766	40,615	142	9,002	1,599	5,135	81,925	8,675	29,584
Indiana.....	60,287	14,600	5,923	391	4,826	47	3,590	713	1,908	27,502	797	44,842
Iowa.....	38,188	13,943	799	427	4,659	40	1,947	531	1,626	14,145	71	3,835
Kansas.....	31,389	6,555	2,287	340	2,816	348	2,604	532	1,164	14,671	72	9,365
Kentucky.....	35,527	5,715	1,800	—	14,559	216	5,712	477	1,622	20,625	421	15,308
Louisiana.....	36,164	5,212	4,513	224	2,025	235	5,236	549	1,347	16,711	112	35,653
Maine.....	13,310	3,255	738	307	2,275	55	1,206	147	873	4,384	70	7,703
Maryland.....	20,712	3,862	2,607	174	2,122	30	1,371	273	905	8,601	767	31,666
Massachusetts.....	117,843	29,994	8,746	326	13,325	4	4,396	750	2,631	53,955	716	61,154
Michigan.....	93,250	15,822	9,661	302	11,834	147	5,685	1,036	3,096	45,538	129	11,451
Minnesota.....	63,693	15,923	3,800	305	8,039	282	4,935	603	1,737	27,868	201	3,448
Mississippi.....	27,036	2,558	43	94	35	560	6,025	411	1,346	15,744	230	15,865
Missouri.....	80,452	21,249	4,133	1,000	3,760	418	7,969	744	2,315	38,233	631	24,990
Montana.....	14,131	2,812	58	58	1,718	502	1,334	176	331	7,145	194	3,030
Nebraska.....	29,483	6,165	13,218	13,172	1,168	873	2,030	365	816	14,695	1,631	2,806
Nevada.....	2,327	735	52	5	91	7	226	22	59	1,110	40	2,234

New Hampshire.....	8, 678	1, 658	336	87	13, 1713	12	381	94	270	4, 062	65	12, 494
New Jersey.....	73, 020	7, 748	4, 147	208	9, 960	13	3, 708	578	2, 529	42, 664	1, 405	53, 382
New Mexico.....	12, 851	961	633	50	10 104	438	2, 305	121	317	7, 102	754	2, 471
New York.....	290, 218	35, 321	19, 122	865	100, 348	77	10, 116	2, 621	8, 452	108, 301	4, 995	50, 251
North Carolina.....	36, 765	4, 476	1, 941	341	18 438	350	5, 855	742	2, 070	20, 502	50	28, 266
North Dakota.....	13, 178	1, 817	910	57	539	215	2, 070	227	463	6, 863	17	28, 993
Ohio.....	142, 985	36, 487	5, 290	952	15, 366	101	8, 243	1, 314	3, 702	68, 799	2, 731	21, 665
Oklahoma.....	51, 824	16, 057	3, 399	416	665	280	7, 919	1, 719	1, 934	19, 946	409	5, 095
Oregon.....	19, 180	5, 023	135	135	1, 583	121	1, 273	243	483	9, 265	107	8, 173
Pennsylvania.....	292, 053	26, 415	23, 432	4, 802	45, 609	106	13, 609	1, 785	5, 637	97, 021	3, 637	58, 218
Rhode Island.....	14, 054	1, 663	609	16	2, 797	1	692	1, 125	459	7, 283	319	22, 537
South Carolina.....	31, 269	1, 074	650	67	220	373	3, 940	409	1, 345	19, 468	3, 093	25, 655
South Dakota.....	15, 003	3, 459	13 387	57	682	994	1, 967	265	428	6, 757	20	1, 553
Tennessee.....	36, 497	4, 866	3, 181	218	14 239	74	7, 124	571	1, 766	17, 880	578	37, 337
Texas.....	84, 807	19, 793	8	---	1, 114	747	13, 025	1, 360	4, 504	43, 906	320	58, 611
Utah.....	15, 938	3, 977	1, 741	57	1, 486	88	674	227	382	6, 940	366	2, 261
Vermont.....	4, 681	1, 090	240	39	431	17	242	77	178	2, 365	2	588
Virginia.....	25, 006	2, 313	948	155	667	100	5, 632	571	1, 685	12, 490	445	61, 054
Washington.....	40, 640	14, 181	1, 961	393	2, 453	193	2, 168	418	1, 027	17, 451	395	37, 458
West Virginia.....	31, 819	3, 151	2, 451	179	1, 254	80	4, 072	363	1, 298	18, 877	94	4, 199
Wisconsin.....	65, 455	14, 330	5, 590	561	8, 970	257	4, 378	737	2, 045	28, 486	101	2, 268
Wyoming.....	4, 133	994	286	48	226	116	401	53	159	1, 791	59	2, 506

¹ Partly estimated and subject to revision. Excludes cost of administration and of materials, equipment, and other items incident to operation of work programs.

² Excludes earnings on regular Federal construction projects (see footnote 1).

³ Represents payments from Federal, State, and local funds for programs administered under State plans approved by the Social Security Board and, in Italy, payments from State and/or local funds for programs administered under State laws without Federal participation. Excludes payments for medical care, hospitalization, and burial.

⁴ Excludes payments for medical care, hospitalization, and burial.

⁵ Data from the FSA; represent cash grant payments certified to cases and values of commodities and commodity stamps purchased by the FSA from the Surplus Marketing Administration and distributed during fiscal year.

⁶ Represents earnings of persons certified as in need and earnings of all other persons employed on projects operated under specified programs. Data for the CCC represent earnings of enrolled persons only.

⁷ Estimated by the CCC by multiplying average monthly number of persons enrolled by average of \$66.25 for each month. Average amount is based on amounts expended for cash allowances, for clothing, shelter, subsistence, and medical care of persons enrolled, and for certain other items.

⁸ Data from the NYA; represent earnings during all pay-roll periods ended during fiscal year.

⁹ Data from the WPA; represent earnings of persons employed on projects financed from WPA funds, including projects operated by other Federal agencies; cover all pay-roll periods ended during fiscal year.

¹⁰ Data from the Bureau of Labor Statistics; represent earnings on projects of Federal agencies, other than the CCC, NYA, and WPA, financed in whole or in part from emergency Federal funds; cover all pay-roll periods ended during year ended June 15, 1941.

¹¹ Excluded from total. Data from the Bureau of Labor Statistics; represent earnings on construction projects financed in whole or in part from regular Federal funds and on projects financed from Reconstruction Finance Corporation funds; cover all pay-roll periods ended during year ended June 15, 1941.

¹² Includes \$1,000 not distributed by State.

¹³ Includes payments under program administered under State law without Federal participation.

¹⁴ Estimated.

¹⁵ Includes payments for medical care in July and August 1940.

¹⁶ State program only; excludes program administered by local officials.

¹⁷ Includes \$603,000 estimated as expended by local relief officials.

New Jersey.....	31,174	10,486	23,833	739	13 26,539	85	2,337	9,834	11,201	42,471	46	38,016
New Mexico.....	4,750	2,011	5,710	218	17 1,759	221	3,241	2,022	1,583	10,066	392	4,705
New York.....	121,406	33,203	65,242	2,845	13 199,949	218	7,965	42,701	30,754	101,919	882	30,901
North Carolina.....	37,549	9,588	23,585	1,911	4,435	455	6,261	5,596	10,709	30,302	56	11,308
North Dakota.....	9,234	2,502	6,946	219	2,556	368	2,307	4,334	2,501	9,918	2	1,202
Ohio.....	137,871	11,820	31,730	3,998	47,980	482	5,987	19,399	23,440	80,670	583	25,816
Oklahoma.....	76,469	19,562	44,879	2,153	19 11,514	1,594	9,016	8,018	7,831	32,109	33	4,227
Oregon.....	21,059	2,067	4,887	465	6,581	564	958	2,984	3,143	39,096	53	7,859
Pennsylvania.....	103,567	63,360	158,348	13,656	123,071	456	11,775	24,239	21,295	93,018	185	40,023
Pennsylvania.....	6,976	1,305	3,730	84	3,220	4	258	1,765	1,781	6,038	45	20,147
Rhode Island.....	17,683	3,760	10,992	801	2,261	692	3,579	5,652	6,442	23,801	2,626	15,963
South Carolina.....	14,968	15 1,522	13 3,548	281	3,126	1,097	2,609	5,129	2,657	9,764	1	1,727
South Dakota.....												
Tennessee.....	40,154	14,343	35,921	1,645	14 2,600	122	7,762	1,580	11,760	29,449	50	23,886
Texas.....	138,677	18,886	14 430	9,503	9,503	3,444	14,886	18,883	22,378	73,850	150	30,668
Utah.....	14,284	4,024	10,483	183	4,855	29	156	2,038	1,403	8,425	230	2,511
Vermont.....	3,775	613	1,693	158	1,599	334	161	2,662	780	2,662		465
Virginia.....	20,080	4,342	12,813	1,025	5,352	135	5,377	8,399	8,607	17,378	6	49,822
Washington.....	57,488	9,360	12,653	1,041	9,605	402	1,884	6,029	5,476	16,366	38	25,121
West Virginia.....	19,278	24,992	12,572	862	12,572	89	5,165	6,047	5,870	26,850	31	5,995
Wisconsin.....	54,018	12,484	28,383	1,983	24,106	769	3,987	10,847	5,694	30,297	21	3,744
Wyoming.....	3,523	772	1,968	150	870	263	3,372	811	901	2,242	27	1,870

¹ Partly estimated and subject to revision.

² Represents recipients assisted from Federal, State, and local funds for programs administered under State plans approved by the Social Security Board and, in italics, recipients assisted from State and/or local funds for programs administered under State laws without Federal participation. Excludes recipients of medical care, hospitalization, and/or burial only.

³ Represents cases aided during month. Excludes cases receiving medical care, hospitalization, and/or burial only.

⁴ Data from the FSA; represent number of cash grant payments certified to cases and, in addition, number of cases receiving only commodities and/or commodity stamps purchased by the FSA from the Surplus Marketing Administration and distributed during month. Ordinarily only 1 cash grant payment per case is certified per month.

⁵ Represents persons certified as in need and all other persons employed on projects operated under specified programs, exclusive of administrative employees. Data for the CCC represent enrolled persons only.

⁶ Represents averages computed by the CCC from reports on number of persons enrolled on 10th, 20th, and last day of month, except for the Indian Division, for which averages are computed from daily reports.

⁷ Data from the NYA; represent number of persons employed during month.

⁸ Data from the WPA; represent average weekly number employed during month on projects financed from WPA funds, including projects operated by other Federal agencies.

⁹ Data from the Bureau of Labor Statistics; represent average weekly number of persons employed during month ended June 15 on projects of Federal agencies, other than the CCC, NYA, and WPA, financed in whole or in part from emergency Federal funds.

¹⁰ Data from the Bureau of Labor Statistics; represent average weekly number of persons employed during month ended June 15 on projects financed in whole or in part from regular Federal funds and on projects financed from Reconstruction Finance Corporation funds.

¹¹ Partly estimated; does not represent total of State figures, because data are estimated to exclude all cases receiving medical care, hospitalization, and/or burial only.

¹² Includes estimate of 28,800 cases receiving aid from State relief administration.

¹³ Includes unknown number of cases receiving medical care, hospitalization, and/or burial only.

¹⁴ Estimated.

¹⁵ Includes recipients under program administered under State law without Federal participation.

¹⁶ In addition, 746 families in behalf of 1,705 children received payments under State law without Federal participation; some of these families also received aid under State plan approved by the Social Security Board.

¹⁷ State program only; excludes program administered by local officials.

¹⁸ Includes cases receiving medical care only; number believed by State agency to be insignificant.

¹⁹ Represents 4,803 cases aided under program administered by State board of public welfare, and 6,711 cases aided by county commissioners; amount of duplication believed to be large.

²⁰ State unemployment relief program only; includes unknown number of cases receiving medical care and/or hospitalization only. It is estimated that, in addition, 2,400 cases were aided by local officials.

Table D-3.—*Special types of public assistance: Recipients in June 1941 and applications for assistance pending as of June 30, 1941, in States with plans approved by the Social Security Board, by State*

State	Old-age assistance			Aid to dependent children				Aid to the blind		
	Number of recipients, June 1941	Applications pending June 30, 1941		Number of recipients, June 1941		Applications pending June 30, 1941 (families)		Number of recipients, June 1941	Applications pending June 30, 1941	
		Number	Number per 100 recipients	Families	Children	Number	Number per 100 recipients		Number	Number per 100 recipients
Total.....	2,169,942	188,310	8.7	379,594	916,742	56,145	14.8	49,817	4,901	9.8
Alabama.....	20,086	4,122	20.5	5,801	16,815	1,331	22.9	615	73	11.9
Alaska.....	1,572	25	1.6							
Arizona.....	8,863	322	3.6	2,471	6,563	142	5.7	404	18	4.5
Arkansas.....	26,046	3,652	14.0	6,462	16,486	811	12.6	1,142	181	15.8
California.....	156,329	8,803	5.6	15,864	37,815	1,575	9.9	7,290	399	5.5
Colorado.....	142,551	725	1.7	6,362	15,572	169	2.7	607	42	6.9
Connecticut.....	17,636	669	3.8					2,233	27	11.6
Delaware.....	2,507	69	2.8	624	1,735	66	10.6			
District of Columbia.....	3,494	201	5.8	982	2,888	429	43.7	234	13	5.6
Florida.....	37,688	8,036	21.3	24,235	210,974	9,359	221.0	2,536	340	13.4
Georgia.....	51,742	31,820	61.5	4,749	11,788	10,914	229.8	1,576	986	62.6
Hawaii.....	1,825	101	5.5	1,213	3,909	93	7.7	68	5	7.4
Idaho.....	9,318	268	2.9	3,048	7,666	112	3.7	278	3	1.1
Illinois.....	146,636	6,880	4.7							
Indiana.....	67,236	7,175	10.7	17,032	35,108	1,107	6.5	2,369	229	9.7
Iowa.....	56,983	1,701	3.0					1,527	76	5.0
Kansas.....	28,885	1,205	4.2	6,610	15,634	169	2.6	1,402	94	6.7
Kentucky.....	57,806	8,216	14.2							
Louisiana.....	36,099	6,733	18.7	15,812	39,658	4,108	26.0	1,260	165	13.1
Maine.....	12,502	6,779	54.2	1,545	3,864	615	39.8	1,071	153	14.3
Maryland.....	17,942	419	2.3	6,531	17,740	152	2.3	671	15	2.2
Massachusetts.....	87,067	961	1.1	12,684	31,234	474	3.7	1,175	9	.8
Michigan.....	88,768	7,771	8.8	21,459	50,768	1,107	5.2	1,244	116	9.3
Minnesota.....	63,081	1,091	1.7	9,398	22,284	304	3.2	975	27	2.8
Mississippi.....	26,621	10,060	37.8		2,713	2,146	214.8	1,071	179	16.7
Missouri.....	113,787	8,090	7.1	13,937	32,297	3,116	22.4			
Montana.....	12,464	222	1.8	2,643	6,411	89	3.4	260	47	18.1
Nebraska.....	29,024	1,152	4.0	5,852	13,077	384	6.6	2,718	38	5.3
Nevada.....	2,317	94	4.1							
New Hampshire.....	6,994	360	5.1	578	1,407	485	83.9	330	13	3.9
New Jersey.....	31,174	881	2.8	10,486	23,833	623	5.9	739	53	7.2
New Mexico.....	4,750	585	12.3	2,011	5,710	373	18.5	218	25	11.5
New York.....	121,496	5,813	4.8	33,203	65,242	1,317	4.0	2,845	214	7.5
North Carolina.....	37,549	5,883	15.7	9,858	23,585	1,079	10.9	1,911	364	19.0
North Dakota.....	9,234	279	3.0	2,502	6,946	67	2.7	219	4	1.8
Ohio.....	137,871	7,526	5.5	11,820	31,730	2,633	22.3	3,998	158	4.0
Oklahoma.....	76,469	3,012	3.9	19,562	44,879	1,637	8.4	2,153	175	8.1
Oregon.....	21,059	2,799	13.3	2,067	4,887	375	18.1	465	29	6.2
Pennsylvania.....	103,567	1,675	1.6	63,360	158,348	1,128	1.8			
Rhode Island.....	6,976	334	4.8	1,305	3,730	98	7.5	84	13	15.5
South Carolina.....	17,683	2,906	16.4	3,760	10,992	751	20.0	801	109	13.6
South Dakota.....	14,968	195	1.3	2,122	3,548	153	10.1	281	16	5.7
Tennessee.....	40,154	10,340	25.8	14,343	35,921	4,392	30.6	1,645	263	16.0
Texas.....	138,677	10,728	7.7							
Utah.....	14,284	220	1.5	4,024	10,483	229	5.7	183	4	2.2
Vermont.....	5,775	683	11.8	613	1,693	185	30.2	158	13	8.2
Virginia.....	20,080	1,689	8.4	4,342	12,813	351	8.1	1,025	61	6.0
Washington.....	57,488	2,210	3.9	5,309	12,653	191	3.6	1,041	24	2.3
West Virginia.....	19,278	1,400	7.3	9,360	24,992	673	7.2	862	68	7.9
Wisconsin.....	54,018	1,341	2.5	12,484	28,383	601	4.8	1,983	58	2.9
Wyoming.....	3,523	89	2.5	772	1,968	32	4.1	150	2	1.3

¹ Includes 3,631 persons 60 but under 65 years.

² Includes aid administered under State law without Federal participation.

³ In addition, in 70 counties payments were made from local funds without State or Federal participation to 746 families in behalf of 1,705 children under State mothers' pension law; some of these families also received aid under State plan approved by the Social Security Board.

Table D-4.—*Old-age assistance: Average payment per recipient and percentage distribution of recipients by amount of money payment, under State plans approved by the Social Security Board, by State, May 1941*

State	Average pay- ment per recip- ient	Percent of recipients receiving—							
		Less than \$10.00	\$10.00- 19.99	\$20.00- 29.99	\$30.00- 39.99	\$40.00-49.99			\$50.00 or more
						Total	\$40.00- 40.99	\$41.00- 49.99	
51 States, total.....	\$20.52	14.1	35.5	30.0	13.0	7.3	7.1	0.2	0.
Alabama.....	9.13	68.9	24.9	1.6	4.4	.1	.1	(1)	.1
Alaska.....	28.50	-----	14.2	29.5	34.9	21.3	13.8	7.5	.1
Arizona.....	27.82	1.4	3.1	29.9	65.6	-----	-----	-----	-----
Arkansas.....	7.71	76.8	22.7	.5	-----	-----	-----	-----	-----
California.....	37.79	.2	1.9	5.5	13.4	79.0	79.0	-----	-----
Colorado ²	29.79	1.3	5.4	33.9	59.4	-----	-----	-----	-----
Connecticut.....	28.45	1.2	10.4	35.7	52.7	-----	-----	-----	-----
Delaware.....	11.51	34.5	56.7	8.8	-----	-----	-----	-----	-----
District of Columbia.....	25.70	.4	15.3	44.8	39.5	-----	-----	-----	-----
Florida.....	13.03	24.0	64.9	9.8	1.3	-----	-----	-----	-----
Georgia.....	8.30	74.0	23.7	1.9	.4	-----	-----	-----	-----
Hawaii.....	12.79	22.2	69.4	6.0	2.4	-----	-----	-----	-----
Idaho.....	22.69	2.8	26.1	47.3	20.9	2.9	2.9	-----	-----
Illinois.....	22.97	1.5	32.8	46.3	16.9	2.5	2.5	-----	-----
Indiana.....	18.47	3.8	54.7	36.5	5.0	-----	-----	-----	-----
Iowa.....	20.86	2.9	27.0	69.5	.6	-----	-----	-----	-----
Kansas.....	19.30	5.6	51.9	32.2	8.6	1.6	1.3	.3	.1
Kentucky.....	8.94	64.6	35.4	(1)	-----	-----	-----	-----	-----
Louisiana.....	13.34	28.5	56.7	12.0	2.4	.3	.1	.2	.1
Maine.....	20.83	1.7	43.2	39.7	15.4	-----	-----	-----	-----
Maryland.....	17.86	9.4	48.6	34.0	8.0	-----	-----	-----	-----
Massachusetts.....	28.91	.6	6.7	32.1	54.9	3.4	1.3	2.1	2.3
Michigan.....	17.06	6.5	63.3	27.7	2.5	-----	-----	-----	-----
Minnesota.....	21.33	2.1	34.4	52.6	10.9	-----	-----	-----	-----
Mississippi.....	8.73	64.0	35.2	.7	(1)	.1	.1	-----	-----
Missouri.....	17.89	5.3	58.7	29.8	6.2	-----	-----	-----	-----
Montana.....	20.20	1.5	44.4	46.3	6.6	1.2	1.2	-----	-----
Nebraska.....	17.03	6.1	67.6	26.3	-----	-----	-----	-----	-----
Nevada.....	26.59	.6	16.8	12.7	69.9	-----	-----	-----	-----
New Hampshire.....	21.62	3.2	37.8	42.5	11.9	4.6	4.6	-----	-----
New Jersey.....	21.26	1.5	36.1	54.7	6.3	1.4	1.4	-----	-----
New Mexico.....	17.34	18.9	49.7	22.7	6.7	1.9	1.6	.3	.1
New York ³	24.55	1.8	31.4	42.6	20.7	3.4	1.3	2.1	.1
North Carolina.....	10.17	50.9	43.5	4.8	.8	-----	-----	-----	-----
North Dakota.....	17.28	7.3	59.2	27.0	5.1	1.4	1.4	-----	-----
Ohio.....	23.27	1.0	26.1	59.9	12.8	.2	.2	-----	-----
Oklahoma.....	17.97	3.9	61.0	34.9	.2	-----	-----	-----	-----
Oregon.....	21.42	1.0	36.4	44.9	17.7	-----	-----	-----	-----
Pennsylvania.....	22.27	4.0	29.7	48.8	17.5	-----	-----	-----	-----
Rhode Island.....	20.27	2.4	40.2	48.3	9.1	(1)	(1)	-----	-----
South Carolina.....	7.71	77.9	20.6	1.5	-----	-----	-----	-----	-----
South Dakota.....	19.17	3.1	49.9	45.1	1.9	-----	-----	-----	-----
Tennessee.....	10.14	50.3	46.7	3.0	-----	-----	-----	-----	-----
Texas.....	11.47	37.8	55.3	6.9	-----	-----	-----	-----	-----
Utah.....	26.61	1.0	10.0	37.0	50.3	1.6	.4	1.2	.1
Vermont.....	16.82	6.9	55.4	30.8	6.9	-----	-----	-----	-----
Virginia.....	10.00	50.1	44.1	5.8	-----	-----	-----	-----	-----
Washington.....	32.41	.7	6.7	21.4	37.4	33.8	33.8	-----	-----
West Virginia.....	14.66	13.4	68.7	13.4	4.5	-----	-----	-----	-----
Wisconsin.....	22.76	1.8	31.6	40.7	22.9	3.0	3.0	-----	-----
Wyoming.....	24.02	.7	20.2	57.6	19.7	1.8	1.8	-----	-----

¹ Less than 0.05 percent.

² Includes persons 60 but under 65 years.

³ Percentage distribution excludes special payments for items not regularly budgeted; average includes these payments.

Table D-5.—*Aid to dependent children: Average payment per family and percentage distribution of families by amount of money payment, under State plans approved by the Social Security Board, by State, May 1941*

State	Average payment per family	Percent of families receiving—								
		Less than \$10.00	\$10.00-19.99	\$20.00-29.99	\$30.00-39.99	\$40.00-49.99	\$50.00-59.99	\$60.00-69.99	\$70.00-79.99	\$80.00 or more
44 States, total	\$32.44	4.6	24.4	19.6	20.5	13.7	8.2	4.9	2.2	1.9
Alabama	13.76	20.4	66.7	10.7	1.8	.3	.1	(1)		
Arizona	32.64	.1	28.4	5.3	30.6	20.8	11.4	3.2	.1	.1
Arkansas	13.58	18.4	70.4	11.2						
California	47.34	.7	8.0	17.9	11.5	20.8	12.1	13.0	6.1	29.9
Colorado	30.33	.6	34.5	8.7	28.8	16.3	7.2	2.6	1.0	.3
Delaware	34.33	1.3	24.1	8.3	28.0	18.0	11.5	5.7	2.1	1.0
District of Columbia	37.90	1.2	5.7	12.7	33.6	33.8	6.3	6.7		
Florida ³	25.80	3.8	37.5	20.0	23.2	10.8	3.8	.8	.1	(1)
Georgia	21.95	10.6	44.6	18.0	15.8	7.9	2.3	.7	.1	
Hawaii	36.73	1.8	14.9	19.7	21.9	18.9	12.7	6.7	2.2	1.2
Idaho	29.95	1.3	34.4	6.7	28.5	19.6	7.0	2.1	.3	.1
Indiana	28.92	3.8	22.3	32.2	21.7	6.1	8.1	3.7	1.3	.8
Kansas	28.87	1.6	20.7	31.6	30.1	12.2	2.8	.7	.2	.1
Louisiana	26.99	2.5	28.1	32.7	20.6	9.8	3.9	1.6	.6	.2
Maine	39.61	.3	10.6	14.8	24.5	19.8	16.1	8.3	3.7	1.9
Maryland	30.43	2.7	33.9	11.0	24.4	14.6	8.3	3.4	1.3	.4
Massachusetts	56.38	.6	4.7	7.4	10.2	14.7	16.8	17.9	12.0	415.7
Michigan	40.50	1.8	8.1	23.3	19.3	16.5	13.3	8.7	5.7	3.3
Minnesota	34.37	1.4	8.1	34.0	26.7	6.7	12.7	6.3	1.6	2.5
Mississippi	20.48	.2	53.9	25.7	15.7	3.9	.6			
Missouri	29.75	.8	37.3	8.5	26.8	15.3	7.0	4.3		
Montana	29.31	.9	35.9	12.1	25.7	15.2	6.6	2.2	.9	.5
Nebraska ³	27.49	2.1	40.2	26.4	15.5	8.4	4.3	1.9	.8	.4
New Hampshire	45.91	.2	9.6	10.8	19.4	19.5	17.7	13.2	4.6	5.0
New Jersey	31.54	.6	31.2	16.4	22.9	13.5	7.8	4.1	2.1	1.4
New Mexico	26.32	3.8	29.0	30.5	25.4	8.4	2.3	.6	(1)	
New York ⁶	46.01	1.6	7.5	10.9	18.3	22.1	17.5	12.9	5.5	3.7
North Carolina	16.87	12.2	55.6	21.9	7.5	2.4	.4	(1)		
North Dakota	31.20	1.3	30.1	11.1	26.9	18.6	7.6	3.2	1.0	.2
Ohio	39.50	1.0	18.4	13.7	18.7	16.7	12.7	9.1	5.3	4.4
Oklahoma	14.90	26.7	48.7	20.1	4.2	.3	(1)	(1)		
Oregon	40.89	.1	9.2	12.7	24.2	24.8	16.8	7.6	2.7	1.9
Pennsylvania	33.13	4.9	11.0	20.6	33.7	20.3	7.6	1.7	.2	(1)
Rhode Island	45.56	.2	9.0	7.1	17.0	24.6	20.8	13.3	5.0	3.0
South Carolina	18.54	11.6	47.4	28.4	10.0	2.4	.2			
South Dakota ³	27.18	4.2	38.1	12.9	25.3	13.6	4.5	1.3	.1	
Tennessee	18.58	3.8	49.9	37.0	7.6	1.4	.2	.1		
Utah	41.81	1.4	10.4	12.2	21.8	21.4	16.8	8.5	6.7	.8
Vermont	32.56	2.3	27.9	11.2	24.5	17.0	10.0	4.7	1.6	.8
Virginia	20.14	7.4	47.0	25.4	14.2	4.7	1.1	.2	(1)	(1)
Washington	35.99	.7	17.1	12.3	29.8	21.4	12.1	4.1	1.7	.8
West Virginia	24.34	1.2	37.7	31.9	20.5	6.4	1.7	.5	.1	(1)
Wisconsin	36.81	1.6	21.7	15.2	19.6	17.0	11.0	7.2	3.9	2.8
Wyoming	32.80	1.2	28.8	7.4	28.8	18.5	8.7	4.9	1.2	.5

¹ Less than 0.05 percent.

² Families receiving \$80 or more: \$80-89, 4.6 percent; \$90-99, 2.9 percent; \$100 or more, 2.4 percent.

³ Excludes concurrent program administered without Federal participation.

⁴ Families receiving \$80 or more: \$80-89, 7.6 percent; \$90-99, 4.0 percent; \$100 or more, 4.1 percent.

⁵ Percentage distribution excludes special payments for items not regularly budgeted; average includes these payments.

⁶ Percentage distribution excludes special payments for items not regularly budgeted; average includes these payments.

Table D-6.—*Aid to the blind: Average payment per recipient and percentage distribution of recipients by amount of money payment, under State plans approved by the Social Security Board, by State, May 1941*

State	Average pay- ment per recipient	Percent of recipients receiving—							
		Less than \$10.00	\$10.00- 19.99	\$20.00- 29.99	\$30.00- 39.99	\$40.00-49.99			\$50.00 or more
						Total	\$40.00- 40.99	\$41.00- 49.99	
43 States, total.....	\$23.64	12.0	32.2	26.2	13.5	3.6	2.3	1.3	12.5
Alabama.....	9.03	69.3	27.3	2.8	.6	-----	-----	-----	-----
Arizona.....	27.46	.3	5.7	29.0	65.0	-----	-----	-----	-----
Arkansas.....	9.15	63.0	34.4	2.6	-----	-----	-----	-----	-----
California.....	48.13	-----	.3	1.7	4.7	9.0	3.2	5.8	184.3
Colorado.....	30.77	.3	5.5	15.1	60.1	19.0	19.0	-----	-----
Connecticut ²	27.67	.5	14.4	36.4	48.7	-----	-----	-----	-----
District of Columbia.....	30.47	-----	4.8	30.7	58.0	6.5	6.5	-----	-----
Florida ²	13.83	15.8	71.4	11.4	1.4	-----	-----	-----	-----
Georgia.....	10.79	53.7	38.7	5.6	2.0	-----	-----	-----	-----
Hawaii.....	15.35	(3)	(3)	(3)	(3)	-----	-----	-----	-----
Idaho.....	22.43	5.8	29.9	32.0	29.1	3.2	3.2	-----	-----
Indiana.....	20.77	1.4	41.0	48.8	8.8	-----	-----	-----	-----
Iowa.....	24.07	1.5	22.2	58.6	16.5	1.2	1.2	-----	-----
Kansas.....	20.70	6.9	43.9	31.5	13.5	4.0	2.6	1.4	.2
Louisiana.....	17.08	15.1	53.2	22.4	7.0	1.8	.8	1.0	.5
Maine.....	22.78	1.4	28.1	44.3	26.2	-----	-----	-----	-----
Maryland.....	21.45	4.6	34.1	37.3	24.0	-----	-----	-----	-----
Massachusetts.....	23.70	1.1	20.2	44.8	33.9	-----	-----	-----	-----
Michigan.....	23.91	2.8	32.1	37.2	21.5	6.4	6.4	-----	-----
Minnesota.....	26.69	.5	12.7	52.0	28.2	5.7	4.0	1.7	.9
Mississippi.....	8.56	69.2	30.2	.6	-----	-----	-----	-----	-----
Montana.....	21.87	.8	34.0	38.8	25.2	1.2	1.2	-----	-----
Nebraska ²	20.75	1.5	45.4	43.1	10.0	-----	-----	-----	-----
New Hampshire.....	22.80	1.5	29.6	38.7	27.4	2.8	2.8	-----	-----
New Jersey.....	23.73	.4	19.7	63.8	13.4	2.7	2.7	-----	-----
New Mexico.....	18.75	20.7	39.9	25.2	11.9	1.8	1.8	-----	.5
New York ⁴	25.53	3.1	27.3	40.7	22.2	5.8	1.1	4.7	.9
North Carolina.....	14.99	7.9	72.2	16.1	3.8	-----	-----	-----	-----
North Dakota.....	21.00	4.3	43.5	30.9	15.2	6.1	6.1	-----	-----
Ohio.....	20.20	3.4	35.7	46.0	13.9	1.0	1.0	-----	-----
Oklahoma.....	16.07	24.4	42.8	32.3	.5	-----	-----	-----	-----
Oregon.....	24.97	.4	16.8	34.0	48.8	-----	-----	-----	-----
Rhode Island.....	19.70	(3)	(3)	(3)	(3)	(3)	(3)	-----	-----
South Carolina.....	10.18	53.3	40.2	6.5	-----	-----	-----	-----	-----
South Dakota.....	16.91	2.5	72.8	23.3	1.4	-----	-----	-----	-----
Tennessee.....	11.21	37.5	57.0	5.5	-----	-----	-----	-----	-----
Utah.....	26.10	2.7	20.3	34.1	35.7	6.1	3.9	2.2	1.1
Vermont.....	21.41	7.0	25.9	39.9	27.2	-----	-----	-----	-----
Virginia.....	12.56	28.1	57.7	12.2	2.0	-----	-----	-----	-----
Washington.....	34.01	.1	4.6	16.6	33.5	45.2	45.2	-----	-----
West Virginia.....	18.37	6.1	52.2	28.9	12.8	-----	-----	-----	-----
Wisconsin.....	23.64	1.0	23.2	39.1	36.3	.4	.4	-----	-----
Wyoming.....	27.20	1.3	17.3	39.4	31.3	6.7	.7	6.0	14.0

¹ Payments exactly \$50.

² Excludes concurrent program administered without Federal participation.

³ Not computed; base less than 100.

⁴ Percentage distribution excludes special payments for items not regularly budgeted; average includes these payments.

Table D-7.—*Old-age assistance: Expenditures for assistance to recipients, under State plans approved by the Social Security Board, by State and source of funds, fiscal year 1940-41*¹

State	Amount (in thousands)				Percentage distribution ²		
	Total	Federal funds	State funds	Local funds	Federal funds	State funds	Local funds
51 States, total	\$505,053	\$251,254	\$205,028	\$48,771	49.7	40.6	9.7
Alabama	2,213	1,100	643	470	49.7	29.1	21.2
Alaska	521	³ 255	³ 266	—	³ 49.0	³ 51.0	—
Arizona	2,858	1,426	1,432	—	49.9	50.1	—
Arkansas	2,215	1,107	1,108	—	50.0	50.0	—
California	68,344	34,172	17,124	17,048	50.0	25.1	24.9
Colorado	15,972	7,252	8,720	—	45.4	54.6	—
Connecticut	5,766	2,883	2,883	—	50.0	50.0	—
Delaware	347	173	174	—	50.0	50.0	—
District of Columbia	1,049	524	525	—	50.0	50.0	—
Florida	5,590	2,795	2,795	—	50.0	50.0	—
Georgia	3,993	1,996	1,661	336	50.0	41.6	8.4
Hawaii	277	138	139	—	50.0	50.0	—
Idaho	2,445	1,223	1,222	—	50.0	50.0	—
Illinois	37,609	18,804	18,805	—	50.0	50.0	—
Indiana	14,600	7,289	4,381	2,930	49.9	30.0	20.1
Iowa	13,943	⁴ 7,314	6,629	—	⁴ 52.5	47.5	—
Kansas	6,555	3,247	1,397	1,911	49.5	21.3	29.2
Kentucky	5,715	2,857	2,858	—	50.0	50.0	—
Louisiana	5,212	2,603	2,609	—	49.9	50.1	—
Maine	3,255	1,627	1,628	—	50.0	50.0	—
Maryland	3,862	1,931	1,287	644	50.0	33.3	16.7
Massachusetts	29,994	14,663	10,221	5,110	48.9	34.1	17.0
Michigan	15,822	7,820	8,002	—	49.4	50.6	—
Minnesota	15,923	7,961	5,308	2,654	50.0	33.3	16.7
Mississippi	2,558	1,277	1,281	—	49.9	50.1	—
Missouri	21,249	10,618	10,631	—	50.0	50.0	—
Montana	2,812	1,406	950	456	50.0	33.8	16.2
Nebraska	6,165	3,082	3,083	—	50.0	50.0	—
Nevada	735	367	184	184	50.0	25.0	25.0
New Hampshire	1,658	829	415	414	50.0	25.0	25.0
New Jersey	7,748	3,874	2,906	968	50.0	37.5	12.5
New Mexico	961	476	485	—	49.5	50.5	—
New York	35,321	17,328	9,184	8,809	49.1	26.0	24.9
North Carolina	4,476	2,238	1,228	1,010	50.0	27.4	22.6
North Dakota	1,817	911	771	135	50.1	42.4	7.5
Ohio	36,487	18,206	18,281	—	49.9	50.1	—
Oklahoma	16,057	8,028	8,029	—	50.0	50.0	—
Oregon	5,023	2,512	1,507	1,004	50.0	30.0	20.0
Pennsylvania	26,415	13,207	13,208	—	50.0	50.0	—
Rhode Island	1,663	831	832	—	50.0	50.0	—
South Carolina	1,674	837	837	—	50.0	50.0	—
South Dakota	3,459	1,729	1,730	—	50.0	50.0	—
Tennessee	4,866	2,433	1,825	608	50.0	37.5	12.5
Texas	19,793	9,896	9,897	—	50.0	50.0	—
Utah	3,977	1,981	1,400	596	49.8	35.2	15.0
Vermont	1,090	545	545	—	50.0	50.0	—
Virginia	2,313	1,156	723	434	50.0	31.3	18.7
Washington	14,181	7,090	7,091	—	50.0	50.0	—
West Virginia	3,151	1,575	1,576	—	50.0	50.0	—
Wisconsin	14,330	7,165	4,345	2,820	50.0	30.3	19.7
Wyoming	994	497	267	230	50.0	26.9	23.1

¹ Represents obligations incurred or disbursements for money payments and assistance in kind; excludes payments for medical care, hospitalization, burial, and administration.

² Based on unrounded data.

³ Estimated for part of period.

⁴ Addendum to Federal grant for assistance, which may be used for administrative expenses, assistance, or both, was used entirely for assistance.

Table D-8.—*Aid to dependent children: Expenditures for assistance to recipients, under State plans approved by the Social Security Board, by State and source of funds, fiscal year 1940-41*¹

State	Amount (in thousands)				Percentage distribution ²		
	Total	Federal funds	State funds	Local funds	Federal funds	State funds	Local funds
44 States, total ³	\$141,591	\$57,528	\$56,078	\$27,985	40.6	39.6	19.8
Alabama.....	964	482	241	241	50.0	25.0	25.0
Arizona.....	970	485	485	-----	50.0	50.0	-----
Arkansas.....	941	470	471	-----	50.0	50.0	-----
California.....	8,741	3,041	3,242	2,458	34.8	37.1	28.1
Colorado.....	2,249	1,125	562	562	50.0	25.0	25.0
Delaware.....	234	112	61	61	48.0	26.0	26.0
District of Columbia.....	427	198	229	-----	46.5	53.5	-----
Florida ⁴	901	450	451	-----	50.0	50.0	-----
Georgia.....	1,165	582	482	101	50.0	41.4	8.6
Hawaii.....	533	235	298	-----	44.1	55.9	-----
Idaho.....	1,051	525	526	-----	50.0	50.0	-----
Indiana.....	5,923	2,728	1,915	1,280	46.1	32.3	21.6
Kansas.....	2,287	1,032	485	770	45.1	21.2	33.7
Louisiana.....	4,513	2,071	2,442	-----	45.9	54.1	-----
Maine.....	738	299	199	240	40.6	26.9	32.5
Maryland.....	2,607	1,303	1,068	236	50.0	40.9	9.1
Massachusetts.....	8,746	2,597	2,915	3,234	29.7	33.3	37.0
Michigan.....	9,661	3,744	5,082	835	38.8	52.6	8.6
Minnesota.....	3,800	1,716	817	1,267	45.2	21.5	33.3
Mississippi ⁵	38	19	19	-----	50.0	50.0	-----
Missouri.....	4,133	2,066	2,067	-----	50.0	50.0	-----
Montana.....	861	430	301	130	50.0	34.9	15.1
Nebraska ⁶	2,003	1,001	1,002	-----	50.0	50.0	-----
New Hampshire.....	336	126	210	-----	37.6	62.4	-----
New Jersey.....	4,147	1,947	775	1,425	47.0	18.7	34.3
New Mexico.....	633	302	331	-----	47.7	52.3	-----
New York.....	19,122	5,815	3,843	9,464	30.4	20.1	49.5
North Carolina.....	1,941	970	522	449	50.0	26.9	23.1
North Dakota.....	910	448	235	227	49.3	25.8	24.9
Ohio.....	5,290	2,151	1,391	1,748	40.7	26.3	33.0
Oklahoma.....	3,399	1,699	1,700	-----	50.0	50.0	-----
Oregon.....	956	369	352	235	38.5	36.9	24.6
Pennsylvania.....	23,432	9,108	14,324	-----	38.9	61.1	-----
Rhode Island.....	699	284	242	173	40.5	34.7	24.8
South Carolina.....	650	325	325	-----	49.9	50.1	-----
South Dakota ⁷	192	96	96	-----	50.0	50.0	-----
Tennessee.....	3,181	1,591	1,060	530	50.0	33.3	16.7
Utah.....	1,741	695	785	261	39.9	45.1	15.0
Vermont.....	240	120	60	60	50.0	25.0	25.0
Virginia.....	948	474	296	178	50.0	31.3	18.7
Washington.....	1,961	980	981	-----	50.0	50.0	-----
West Virginia.....	2,451	1,226	1,225	-----	50.0	50.0	-----
Wisconsin.....	5,590	1,948	1,886	1,756	34.9	33.7	31.4
Wyoming.....	286	143	79	64	50.0	27.7	22.3

¹ Represents obligations incurred or disbursements for money payments and assistance in kind; excludes payments for medical care, hospitalization, burial, and administration.

² Based on unrounded data.

³ Excludes \$571,366 expended from local funds without State or Federal participation in 4 States (see footnotes 4, 5, 6, and 7).

⁴ Excludes \$205,804 expended from local funds without State or Federal participation.

⁵ For March-June; first payments under approved plan for March. Excludes \$5,384 expended for July 1940-February 1941 from local funds without State or Federal participation.

⁶ Excludes \$165,113 expended from local funds without State or Federal participation.

⁷ For November 1940-June 1941; first payments under approved plan for November. Excludes \$195,065 expended for July 1940-June 1941 from local funds without State or Federal participation.

Table D-9.—*Aid to the blind: Expenditures for assistance to recipients, under State plans approved by the Social Security Board, by State and source of funds, fiscal year 1940-41*¹

State	Amount (in thousands)				Percentage distribution ²		
	Total	Federal funds	State funds	Local funds	Federal funds	State funds	Local funds
43 States, total ³	\$13, 726	\$6, 483	\$4, 707	\$2, 536	47. 3	34. 2	18. 5
Alabama.....	65	33	16	16	49. 9	25. 1	25. 0
Arizona.....	124	62	62	-----	50. 0	50. 0	-----
Arkansas.....	114	57	57	-----	50. 0	50. 0	-----
California.....	4, 187	1, 714	1, 238	1, 235	40. 9	29. 6	29. 5
Colorado.....	205	103	51	51	50. 0	25. 0	25. 0
Connecticut ⁴	60	30	30	-----	50. 0	50. 0	-----
District of Columbia.....	74	37	37	-----	50. 0	50. 0	-----
Florida ⁵	391	195	196	-----	50. 0	50. 0	-----
Georgia.....	171	85	71	15	50. 0	41. 5	8. 5
Hawaii.....	13	6	7	-----	50. 0	50. 0	-----
Idaho.....	75	37	38	-----	50. 0	50. 0	-----
Indiana.....	591	295	296	-----	50. 0	50. 0	-----
Iowa.....	427	⁶ 235	85	107	⁶ 55. 1	19. 9	25. 0
Kansas.....	340	168	65	107	49. 4	19. 1	31. 5
Louisiana.....	224	111	113	-----	49. 8	50. 2	-----
Maine.....	307	153	154	-----	50. 0	50. 0	-----
Maryland.....	174	87	26	61	50. 0	15. 0	35. 0
Massachusetts.....	326	163	163	-----	50. 0	50. 0	-----
Michigan.....	302	151	151	-----	50. 0	50. 0	-----
Minnesota.....	305	151	154	-----	49. 7	50. 3	-----
Mississippi.....	94	47	47	-----	50. 0	50. 0	-----
Montana.....	58	29	20	9	50. 0	34. 6	15. 4
Nebraska ⁷	171	85	86	-----	50. 0	50. 0	-----
New Hampshire.....	87	43	44	-----	50. 0	50. 0	-----
New Jersey.....	208	104	-----	104	50. 0	-----	50. 0
New Mexico.....	50	25	25	-----	49. 8	50. 2	-----
New York.....	865	425	225	215	49. 1	26. 1	24. 8
North Carolina.....	341	171	89	81	50. 0	26. 2	23. 8
North Dakota.....	57	28	29	-----	50. 0	50. 0	-----
Ohio.....	952	472	147	333	49. 6	15. 4	35. 0
Oklahoma.....	416	208	208	-----	50. 0	50. 0	-----
Oregon.....	135	67	41	27	50. 0	30. 0	20. 0
Rhode Island.....	16	8	8	-----	49. 9	50. 1	-----
South Carolina.....	97	48	49	-----	50. 0	50. 0	-----
South Dakota.....	54	27	27	-----	50. 0	50. 0	-----
Tennessee.....	218	109	82	27	50. 0	37. 5	12. 5
Utah.....	57	28	21	8	48. 9	36. 1	15. 0
Vermont.....	39	19	20	-----	50. 0	50. 0	-----
Virginia.....	155	78	48	29	50. 0	31. 2	18. 8
Washington.....	393	196	197	-----	50. 0	50. 0	-----
West Virginia.....	179	89	90	-----	50. 0	50. 0	-----
Wisconsin.....	561	280	170	111	50. 0	30. 3	19. 7
Wyoming.....	48	24	24	-----	49. 0	51. 0	-----

¹ Represents obligations incurred or disbursements for money payments and assistance in kind; excludes payments for medical care, hospitalization, burial, and administration.

² Based on unrounded data.

³ Excludes \$12,116 expended from State and local funds without Federal participation in 3 States (see footnotes 4, 5, and 7).

⁴ Excludes \$10,601 expended from State funds without local or Federal participation.

⁵ Excludes \$434 expended from local funds without State or Federal participation.

⁶ Federal grant for administration used for assistance.

⁷ Excludes \$1,081 expended from local funds without State or Federal participation.

Table D-10.—Expenditures for administration of public assistance in States with plans approved by the Social Security Board, fiscal year 1940-41 ¹

	<i>Amount</i>
Total	\$43, 165, 885
Old-age assistance	30, 649, 994
Aid to dependent children	11, 200, 673
Aid to the blind	1, 315, 218

¹ Represents expenditures at State and local levels for public assistance, other than assistance payments; includes expense of determining original and continuing eligibility to receive assistance and of providing financial assistance to recipients and services incident to such assistance. Excludes Hawaii for which data are not available.

Current Information

Current information on aspects of the social security program is made available by the Board in the periodic publications listed below, which are on sale by the Superintendent of Documents, Government Printing Office, Washington, D. C. Purchase orders, accompanied by remittance, should be addressed to that office.

The Social Security Bulletin, a monthly publication, contains special articles and current data on operations of old-age and survivors insurance, employment security, and public assistance programs, and on the results of research and analysis pertinent to the social security program. Announcement of research and technical reports of the Board is made currently in the Bulletin and in the Monthly Catalog issued by the Superintendent of Documents. The subscription price of the Bulletin is \$2 a year in the United States, Canada, and Mexico; \$3.75 a year in other countries; single copies, 20 cents.

The Social Security Yearbook, annual supplement to the Bulletin, provides a summary of calendar-year operations and analyses of socio-economic aspects of the social security program, with bibliographic notes on sources of more detailed information available from publications of the Social Security Board. It contains a list of printed and processed reports issued by the Social Security Board and of Federal documents pertaining to social security programs. The price of the first issue, 1939, is 50 cents; the 1940 Yearbook is in press.

The Employment Security Review, designed especially for State and local employment security personnel, is a monthly publication containing articles on subjects pertaining to the employment security program and related fields. Subscription price, \$1 a year; single copies, 10 cents.

Unemployment Compensation Interpretation Service, Benefit Series, is a monthly indexed compilation of selected State decisions, opinions, and interpretations on appealed claims for unemployment benefits rendered under State unemployment compensation laws. Beginning with April 1941, important State decisions on coverage are included, consolidating with the Benefit Series the State Series formerly issued and distributed by the Board for administrative use only. Subscription price, \$5 a year; single copies, 50 cents.

In addition, brief informational circulars on administrative aspects of the Board's program are available free of charge on request to the Social Security Board or any of its regional or field offices.

Information on maternal and child health services, services for crippled children, and child welfare services under the Social Security Act may be obtained from the Children's Bureau, Department of Labor, Washington, D. C.

Information on vocational rehabilitation and public health programs under the Social Security Act, respectively, may be obtained from the Office of Education and the United States Public Health Service, Federal Security Agency, Washington, D. C.

The Bureau of Internal Revenue, Treasury Department, Washington, D. C., should be consulted for information on the Federal Insurance Contributions Act and the Federal Unemployment Tax Act.

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Board

1942

FEDERAL SECURITY AGENCY

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7th Annual Report of Social Security Board

Table 5, page 72

Entries for fiscal year 1941-42:

Total: \$445,895 should be \$445,646.

Employment security under Social Security Act, total: \$69,645 should be \$69,395.

Employment services administered by Social Security Board, Jan-June 1942:
\$17,648 should be \$17,399.

Entries for District of Columbia:

Total: \$1,447 should be \$1,198.

Employment security under Social Security Act, total: \$562 should be \$313.

Employment services administered by Social Security Board, Jan-June 1942:
\$249 should be footnote 10.

Entry for Arkansas:

Last column: \$22S should be \$22.



7TH
ANNUAL
REPORT

FISCAL YEAR 1941-42

Social Security
Board

1942

FEDERAL SECURITY AGENCY

HD 7123
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FEDERAL SECURITY AGENCY
SOCIAL SECURITY BOARD

ARTHUR J. ALTMAYER, *Chairman*

GEORGE E. BIGGE

ELLEN S. WOODWARD

*

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OSCAR M. POWELL

Assistant Executive Director

WILLIAM L. MITCHELL

Bureau of Old-Age and Survivors
Insurance

OSCAR C. POGGE, *Director*

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Office of Appeals Council

JOSEPH E. McELVAIN, *Chairman*

LETTER OF TRANSMITTAL

SOCIAL SECURITY BOARD,
Washington, D. C., December 15, 1942.

THE HONORABLE PAUL V. McNUTT,
Administrator, Federal Security Agency.

DEAR MR. McNUTT:

I have the honor to transmit the Annual Report of the Social Security Board for the fiscal year ended June 30, 1942, for submission to the Congress as required by section 704 of the Social Security Act.

Respectfully submitted.

ARTHUR J. ALTMAYER,
Chairman.

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Social Security in the First War Year

FOR SOCIAL SECURITY as for all other basic aspects of our national life, war was the dominant force in the year ended June 30, 1942. The upswing in employment and earnings which began in the autumn of 1940, under the impetus of the defense program, gathered momentum throughout 1941 and influenced every branch of social security administration and planning. In December, the attack at Pearl Harbor made necessary immediate action to gear the economy of the United States to outright war. The social security program, which was formulated in the depression years, had been designed as a first step toward preventing or offsetting ordinary risks of the American people. The defense program, then the war, brought new questions. What was the place of the social security program in the Nation's war effort? When the scarcity was not of jobs but of men to fill them, what were the current needs for social insurance and assistance? What steps should be taken to forestall insecurity in the years immediately following the war? In the longer run, will the impact of the war affect the program in ways which can now be foreseen?

Services in the War Effort

The contribution of the social security program in this first year of war has been in two general areas: on the one hand, the resources in organization, personnel, technical skills, and working relationships which could be turned toward meeting general or emergency problems in the Nation's mobilization; and on the other hand, the ballast to the national economy inherent in the regular operation of the program. Under the former are, preeminently, the activities of the United States Employment Service in marshaling labor for defense production; the use of Federal and State social security agencies in defense health and welfare services and in evacuation of civilians; and the operation of emergency programs of civilian war assistance and benefits. The regular programs have served the emergency through the continuing provision of income to workers thrown out of jobs temporarily in the transition to a war economy and through payments to others, particularly the aged and children, who could not share directly in the Nation's increasing activity. The following paragraphs summarize developments in these emergency areas and indicate the general bearing of the war upon the social security program; operations of the permanent programs are discussed in greater detail in part II of this report.

Mobilizing Labor

In July 1941, regional employment security representatives of the Social Security Board were designated as chairmen of regional labor supply committees to deal collectively with problems of labor recruitment, training, and placement, and to ensure that all facilities of government, labor, and management are utilized in solving problems of labor stringency. These committees include representatives from management, labor, United States Civil Service Commission, Office of Education, National Youth Administration, and Federal agencies concerned with apprenticeship and training within industry. They are responsible for determining the content, location, and timing of pre-employment and refresher training courses; for reporting on anticipated displacement of workers in plants whose operations are curtailed or suspended by restricted allocation of raw materials or other Government orders; for obtaining information on anticipated demands for workers in areas of expanding production; for promoting employer compliance with Federal efforts to prevent labor pirating, hoarding of skilled workers, and indiscriminate advertising of vacancies; and for furthering maximum utilization of available resources of manpower on the production front. Reports of these committees have been distributed by the Social Security Board to provide information on policies and procedures which have been successful in solving local, State, and regional problems in manpower allocation. These reports, supplemented by special surveys, have provided a basis for the formulation of principles and practices for Nation-wide application. The United States Employment Service continued to serve, as it has served since the initiation of the country's defense program, as the officially designated Government agency for the recruitment and placement of workers required by the war production program.

Labor-market surveys.—Beginning with October 1941, the United States Employment Service made special surveys of labor-market conditions covering major areas of production. These surveys have provided guides for Federal agencies concerned with allocating war contracts, determining priority ratings and the feasibility of converting specific plants to war production, locating plant sites and housing projects, and developing transportation and other community facilities. In May 1942, an industry approach was instituted as a complement to the geographic approach to provide adequate digests of current and anticipated developments in vital industries and their subdivisions. This step geared labor-market analysis more closely to the organizational approach of the War Production Board and other war agencies with industrial responsibilities. Special weekly reports on the agricultural labor market have made it possible to lessen stringencies in some areas by establishing mobile labor camps and by

organizing community facilities for work on farms in peak seasons of planting, cultivating, and harvesting.

These surveys disclosed that conversion and re-tooling had been virtually completed by the end of the fiscal year and that production of war materials in the half year January-June 1942 exceeded by 50 percent the entire output of 1941. War industries have been able to absorb large numbers of relatively unskilled workers through use of job dilution and special training. Maldistribution and malutilization of existing labor reserves, rather than actual shortage, were the major problems at the end of the fiscal year. In 44 of 160 important industrial labor-market areas, labor supply was more than adequate to meet present and anticipated needs; in only 35 were there current shortages of male labor, though shortages of such labor were anticipated in 81. These 160 areas included all cities with a population of 100,000 or more and all other areas with known demand for at least 5,000 war workers.

Maximum production depends not only upon adequate and even distribution of essential war materials but also upon utilization of locally available manpower. Further efforts are essential to train inexperienced workers and to break down barriers of racial discrimination and unwillingness to employ Negroes, persons of foreign birth, aged and handicapped individuals, and women. Estimates indicate that in June 1942, 41.8 million workers were engaged in nonagricultural employment (exclusive of those in the armed forces) and 11.5 million were employed in agriculture. Further depletion of manpower to augment the armed forces will necessitate more intensive efforts to place all employable persons, and will require special community facilities for the care of young children if women aged 20-45 who normally are out of the labor market are to enter the labor force in increasing numbers. Wage differentials, substandard working conditions in some industries, and housing and transportation difficulties in already congested areas result in high rates of turn-over and reduced production. These labor-market surveys indicate that use of local reservoirs of labor, training and upgrading of workers, uniform standards for wage rates and hours and conditions of work, and allocation of Federal contracts to areas with available labor would go far toward reducing such turn-over and preventing the disruption of families and communities which now results from migration of workers from job to job.

In addition to these special analyses of local and industrial impacts of the war economy, the 1,500 full-time public employment offices serve throughout the Nation as barometers of the labor market. They have registered the waves of unemployment which resulted in turn from shortages of silk to supply the looms of New Jersey and Pennsylvania,

from curtailment of metals for automobiles in Michigan, household utensils and refrigerators in Iowa and Wisconsin and costume jewelry in Rhode Island, and, in New York, from restrictions on manufacture of clothing for civilians. The unemployment benefits paid through these offices have proved an essential adjunct to the conversion of industry. In many instances it was evident that employers would soon need again the workers whom they were obliged to lay off while they were obtaining equipment and materials to fill war orders. Unemployment benefits helped the workers and their communities to weather the interval. The existence of unemployment compensation systems in all States doubtless averted much aimless migration in search of jobs, with resulting disruption of personal and employment relationships, and so expedited war production when the plants reopened. Many workers thrown out of jobs for the duration of the war have had to learn new skills, just as the plants and machines which turned out automobiles have had to be geared to mass production of the tools of war. The employment offices have served in this retraining of hands and eyes and brains to new tasks.

Occupational analyses.—Further gains have been made in analyzing jobs and industrial processes in both industry and the armed forces in order to promote the effective use of labor resources. As plants had to suspend production, such studies have made it possible to advise the employer and the workers concerning the type of war production which would best use their skills. It was found, for example, that displaced jewelry workers could manufacture time fuses with a minimum of special training and supervision. Garment workers have learned to make parachutes, gas masks, and military raincoats, and linotype operators and other workers in the printing and publishing industry have been transferred to war industries. From the ten thousand job analyses made by the Employment Service in the United States Army, relationships between skills used in civilian and military jobs have been determined. Trade and aptitude tests developed by the Employment Service have also been made available to the armed forces. Occupational analyses have continued to serve as bases for upgrading civilian workers and for job dilution, whereby simple processes are assigned to relatively inexperienced workers and skilled workers are used to train and supervise beginners.

Training programs.—No exact figures are available on the volume of in-plant training which has enabled the automotive industry and other producers of consumer goods to convert to wartime production. Such measures, supplemented by special courses in vocational schools and other public institutions, have been important contributions to the war effort. Some measure of the extent to which public vocational training courses have augmented the labor supply is obtainable from data on employment service referrals to pre-employment and refresher

courses and to National Youth Administration defense projects and from reports on jobs found by trainees. During the fiscal year, about 700,000 referrals to these courses were made, 628,000 to pre-employment and refresher courses in aviation services, machine-shop work, sheet-metal work, shipbuilding and boatbuilding, welding, and similar occupations, and more than 70,000 to NYA courses in which young persons receive a wage while in training. During the same period, about 400,000 jobs were filled by trainees of the pre-employment and refresher courses, 166,000 through placements by the USES, and nearly 235,000 trainees are known to have found jobs through other means. After the declaration of war, referrals to these courses and utilization of trainees moved sharply upward; monthly referrals to training courses more than doubled from December 1941 to June 1942, and employment-office assignments to NYA defense projects more than tripled.

Applicants for pre-employment and refresher training courses have come from all types of occupations—unskilled laborers, domestic servants, farmers, housewives, salesmen, and professional persons. Women have formed an increasing proportion of persons taking these courses—18.5 percent of the total in June 1942 as compared with 5.5 percent in January. In June, nearly half of the women trainees were in aviation courses and one-fourth were in machine-shop work. The representation of Negro workers has not shown a comparable increase, doubtless because it has been more difficult to place Negroes than white persons in skilled jobs for which they were trained. While the training courses have served young, middle-aged, and older persons, individuals aged 25–44 years have predominated among admissions to these courses and among placements of trainees. The proportions in various age groups shifted with the seasons, registering the displacement and subsequent reabsorption of experienced mature workers by industry, removal of young men from the labor force through induction into military service, and the availability of young persons at the close of the school year.

Administrative developments.—By the autumn of 1941 it was becoming evident that a national, rather than a State or regional, approach to the use of manpower was required to cope with the growing shortages of workers with critically needed skills, the uneven distribution of employment opportunities and unemployment, the migration of workers to areas where war industries were expanding, and problems of housing and transportation which were developing in such areas. The conversion, on January 1, 1942, of the State-administered employment offices to a system under national operation followed the Nation's entry into the war and the immediate necessity for maximum mobilization of manpower for increased production of war materials. A telegram of December 19, 1941, from President

Roosevelt to State and Territorial Governors declared that: "In order that there may be complete responsiveness to the demands of national defense and speedy, uniform, effective action to meet rapidly changing needs, it is essential that all of these separate employment services become a uniformly and of necessity nationally operated employment service." The President requested that the personnel, records, and facilities required for this operation be made available to the United States Employment Service, a request to which all the States responded.¹ Four months later, on April 18, 1942, the War Manpower Commission was established within the Office for Emergency Management by Executive Order No. 9139. The membership of the Commission included, as Chairman, the Administrator of the Federal Security Agency, and representatives of Federal departments concerned with military needs, labor resources, and industrial and agricultural production. The Chairman of the Social Security Board was named Executive Director of the Commission, and the Director of the United States Employment Service became chief of the Commission's Division of Industrial and Agricultural Employment.²

The President's order made the Chairman of the Commission responsible for ascertaining manpower needs and, through directives issued to the appropriate Federal agencies, for effecting proper allocation of manpower among the essential functions of military service, industrial production for military and civilian use, and agriculture. Five of eight directives issued on May 21 by the Chairman of the War Manpower Commission concerned the USES: to prepare and maintain a list of "essential activities," "essential occupations," and "critical war occupations"; to make preferential referrals of workers to employers engaged in war production in the order of their priority; to analyze the occupational questionnaires distributed under the Selective Service System and refer individuals with the appropriate skills to jobs in critical war occupations; to advise the local selective service boards in classifying or reclassifying an individual with such skills; and to increase the activities and facilities necessary to provide additional agricultural workers. Thus, during the first half year of war the USES was developing as a national mechanism to ascertain the needs for labor, analyze labor resources, and implement policies and procedures for full utilization of these resources.

¹ Such administration was already in effect in Arizona; at the request of the State Employment Security Commission, the Board, as of July 21, 1941, assumed responsibility for administration of the State employment service, which, because of newly enacted State legislation, could not be operated under conditions required by the Social Security Board in administering the provisions of the Wagner-Peyser Act.

² On September 17, 1942, the President, by Executive Order No. 9247, transferred to the War Manpower Commission the U. S. Employment Service and all functions, duties, and powers of the Social Security Board relating to employment service.

Emergency Services for Civilians

The speed with which the USES has been able to reorient its activities to the emergency demands of the defense program and of war was the product of the organization, knowledge, and administrative techniques built up through the preceding years. Similar assets have been brought into play in individual and community difficulties occasioned by defense emergencies and wartime restrictions and catastrophes. These activities have made use of social security agencies at all governmental levels. Channels of communication developed through the regional and field organization of the Board and through the Board's interrelationships with the States have proved of particular importance.

Defense health and welfare services.—Federal, State, and local public assistance personnel have assisted in a wide range of emergency welfare activities developed under the leadership of the Federal Security Administrator, first in his capacity as Coordinator of Health, Welfare, and Related Defense Activities, and subsequently as Director of the Office of Defense Health and Welfare Services, established in September 1941 within the Office for Emergency Management by Executive Order No. 8890. Public assistance representatives of the Board serve on committees advisory to that Office, the Office of Civilian Defense, and other emergency and permanent Federal agencies concerned with nutrition, housing, medical care, and other services which require Nation-wide consideration and specific action in areas directly affected by the war. Regional directors of the Board have served as representatives of the Office of Defense Health and Welfare Services in coordinating regional and State facilities for civilian welfare. Public assistance representatives in the regional offices serve as chairmen of family security committees which include representatives of various agencies concerned with health and welfare activities within the region. Regional, State, and local services have included collaboration with other welfare agencies in plans for social protection, nutrition, relief of dependency among the families of soldiers, transients, and aliens, and for day-care programs for children of working mothers.

Emergency benefits and assistance for civilians.—Emergency benefit and assistance programs for civilians were authorized in February 1942, when the President asked the Federal Security Administrator to assume responsibility for temporarily providing the aid required, as the result of enemy action, by civilians who are disabled; who are dependents of civilians killed, injured, interned, or reported missing; or who otherwise are in need of assistance or services.³ The Federal

³ By letter of October 5, 1942, the President authorized the use of emergency funds, previously allotted to the Federal Security Agency, for payment of disability and survivor benefits and provision of services and assistance for injuries or deaths resulting from enemy action or preparation to meet such action, among civilians (including enemy aliens)

old-age and survivors insurance program offered an immediate means for administering civilian war relief benefits, which were first paid in March, mainly to the dependents of civilian workers who had been engaged in military construction on Guam, Wake, and the Philippine Islands. These emergency benefits, which range from \$20 a month for a child to a maximum of \$85 for a family, are payable to wives, widows, children, and parents who were mainly dependent on the individual affected by enemy action. Payments certified in March-June 1942 amounted to nearly \$139,000. At the end of June, 1,307 beneficiaries were on the rolls at a total benefit rate of \$34,178 a month.

In addition, temporary assistance has been provided from funds made available under this Presidential order. Beginning in March, aid has been available, in some instances on a repayment basis, to enable persons evacuated from Alaska and Hawaii voluntarily and in need of funds, to pay costs of travel to the United States and maintenance en route, and for a temporary period after their arrival. Funds for these purposes were advanced to the Territorial directors of the Board and the regional director of the Board's office in San Francisco, and arrangements were made with public welfare agencies to investigate need and provide assistance when necessary. Assistance has been given also to Americans repatriated from Europe and to volunteer civilian defense workers injured in the course of their official duty. Through June 1942, assistance totaling \$13,691 had been provided as follows: \$5,820 for 84 persons evacuating Hawaii; \$1,066 for 30 evacuees from Hawaii who received assistance in Region XII; \$6,346 for 142 Americans repatriated from Europe; and \$459 for 4 civilian defense workers injured on official duty. In administering temporary assistance, representatives of the Board work in close cooperation with the United States Public Health Service, the Office of Defense Health and Welfare Services, and the Children's Bureau, the American Red Cross, and other Federal and State welfare and assistance agencies. The plan for a temporary civilian war assistance program which was being developed at the close of the fiscal year contemplated that in the future such aid would, in general, be met initially by the State public welfare agencies, which would be reimbursed in full by the Social Security Board.

Removal of enemy aliens and American-born Japanese on West Coast.—Beginning in February, at the request of the Department of Justice, the Federal Security Agency facilitated the removal of Ger-

and certain civilian defense workers in the continental United States, Alaska, Hawaii, Puerto Rico, and the Virgin Islands. On November 5, 1942, the Federal Security Administrator authorized the Social Security Board to expand the temporary programs for civilian war benefits and assistance to include the groups of persons and types of payments specified in the President's letter.

man, Italian, and Japanese aliens and their dependents from certain limited areas on the West Coast designated as prohibited by the Department of Justice. Both services and assistance, financed from a special allocation from the President's emergency fund, were furnished through the Bureaus of Public Assistance and Employment Security. Initial operations resulting from Department of Justice orders were carried on by a federally employed staff; early in March, under an agreement with the Board's regional office in San Francisco, the California Department of Social Welfare assumed operating responsibility in that State, financed from Federal funds.

Financial assistance and services to persons affected were likewise provided in connection with removal operations resulting from Army orders, which were initiated in March. Such orders eventually provided for the controlled removal of all persons of Japanese ancestry from California, the western halves of Oregon and Washington, and the southern half of Arizona. Provision was made also for voluntary removal of Germans and Italians. To implement its orders, the Western Defense Command and Fourth Army created the Wartime Civil Control Administration, which utilized services and facilities available through a number of Federal agencies, including the Farm Security Administration and the Federal Reserve Bank as well as the Bureaus of Public Assistance and Employment Security of the Board and the United States Public Health Service. Some of the local WCCA offices were service centers, designed primarily to facilitate the voluntary removal of Germans and Italians but serving also for the controlled removal of the Japanese; other local offices, designated as civil control stations, were concerned exclusively with the latter. Expenses incurred by the Federal Security Agency for WCCA operations were met initially from the special allocation originally made for financing Agency activities arising from Department of Justice orders; administrative expenses were fully reimbursable by the WCCA, and assistance costs were reimbursable in large part.

By the close of the fiscal year, 6,243 cases affected by Department of Justice orders had received minor or major service from the public assistance staff, the great majority in the initial month of operation. Financial assistance provided through the end of June totaled \$24,678. Under Army operations, the public assistance staff in WCCA service offices had registered 10,721 cases by the end of June; of these cases, 365 received assistance amounting to \$14,665. In the WCCA civil control stations, 26,385 cases, representing 97,691 Japanese, had been registered and removed; 723 of these cases received assistance totaling \$9,171.

Plans for continuing responsibility on the part of the Board for assistance and services to enemy aliens and others in need because of

restrictive action of the Federal Government were nearly completed at the end of the fiscal year. It was planned to provide such aid through State public welfare agencies, with reimbursement from Federal funds for costs incurred.

Services to selective service boards.—A year or more before the outbreak of war, State welfare agencies had begun giving service to local selective service boards, when requested, in investigating claims of selectees who asked for deferment on the ground that others were dependent on them. By February 1942, public welfare agencies in all but one State had such agreements on either a State-wide or local basis. While formal reporting on such activities has not been established by the Board, the available information indicates that the service to the selective service boards has been very considerable. In most instances, the welfare agencies have undertaken to provide service on all requests forwarded to them by the boards, not merely on those relating to persons who are or have been on the assistance rolls. In only about a third of the cases for which information is available have the requests of the boards related to public welfare clients. Much of this work, therefore, represents an extension of the agencies' functions to provide additional community services.

Impact of the War on the Permanent Programs

The dramatic upswing in employment and earnings in the year covered by this report was reflected in the operations under all permanent programs administered by the Social Security Board. Retirements under the Federal old-age and survivors insurance program were fewer than had originally been anticipated. The total amount paid in unemployment benefits under State laws was markedly less than in the preceding fiscal year. The general increase in well-being slowed, and in some States even reversed, the upward trend in expenditures for old-age assistance, aid to the blind, and aid to dependent children, while there were sharp decreases in other programs for persons in need, notably in Federal work programs and in the general assistance provided by the States and localities.

Unemployment Compensation

The general trends obscured highly varying situations among the States. In a fourth of the States, for example, expenditures for unemployment benefits were greater, not less, than in the year preceding. The transition to wartime production brought hardships among workers in many civilian-goods industries and especially in one-industry towns. Orderly provision for paying unemployment benefits to workers and for retraining and redirecting displaced workers served to avert much distress among the more than 3 million men and women

who drew some benefits during the fiscal year and among others who were seeking work. In even this year of mounting industrial activity, nearly 32 million weeks of unemployment were compensated.

Old-Age and Survivors Insurance

Aged workers retired under the Federal old-age and survivors insurance program must have been substantially engaged in covered employment in at least 6 calendar quarters after 1936, for only so could they have gained the credits necessary to qualify them for benefits. It was to be expected that a considerable number could and would return to jobs if opportunity offered, and this has proved to be the case. As of the end of June 1942, 10.3 percent of the primary beneficiaries on the insurance rolls had their benefits in suspension status because they were in covered jobs. Many others doubtless were engaged in work not covered by the system, such as agricultural labor, domestic work in private homes, or small business undertakings of their own; since noncovered employment does not require suspension of benefits, their number is not known. Among the widows who were entitled to current benefits because they had a child or children of a deceased insured worker in their care, about 10 percent also had benefits in suspension status because of covered employment.

The full effect of the rising labor market upon employment of aged persons is not to be seen in the experience of the retired workers, of whom a large proportion are incapacitated for work. A clearer indication is evident in the extent to which claims for retirement benefits have fallen short of the potential number. It is estimated that, as of the end of the fiscal year, some 825,000 workers aged 65 and over had wage credits which would qualify them for benefits under the system; by that time, only about 235,000 of these workers had filed valid claims. Some 540,000 aged workers, therefore, have refrained from claiming retirement incomes for which they are eligible. While some may have been unaware of their rights, it is to be presumed that by far the greater number have failed to file claims because they are continuing in covered employment.

Public Assistance

Increase in the total number of recipients of each of the three special types of public assistance also obscured differing situations among the States. In some States where the programs were recently established, there was the continued expansion characteristic of the early development of a program; in others, under programs which had been in operation a longer time, the numbers on the assistance rolls remained static or showed an actual decrease. To some extent, increases in State revenues doubtless made it possible to make more nearly adequate provision

for persons in need than had been possible previously and to increase the number of recipients or the levels of payments or both. In some instances there was a systematic transfer of eligible persons from the general relief rolls to the appropriate special type of assistance.

For the country as a whole, there were increases in the average amounts of payments under each of the three programs; here again, there was much variation among the States. Increases in average payments tended to be less than the rise in the costs of food and other commodities and services which enter into a relief family's budget. An assistance payment, however, may represent not the sole resources of the recipient but only the amount provided to supplement any other available resources he may possess. It is not known to what extent there may have been an increase in such resources by reason of small earnings of the recipients or increased help from relatives.

The striking change in the field of public aid in the continental United States during the fiscal year was the decline of 25.4 percent in the year's total expenditures for assistance and earnings under Federal work programs, as compared with those in the fiscal year 1940-41, and the increase in the proportion of the total represented by expenditures for the special types of public assistance. In June 1941, payments for old-age assistance, aid to the blind, and aid to dependent children represented 32.1 percent of the total \$188 million for public aid; in June 1942, 47.8 percent of expenditures of \$135 million. The effect of the war economy has been to curtail greatly expenditures for assistance, except among the groups who, by definition, were relatively little able to share directly in the rising labor market. Even among the needy aged, families with dependent children, and also the needy blind, there were evidences that in some areas the rise in opportunities for employment was serving directly, or indirectly through earnings of other members of the family, to limit needs for assistance. The effect of these favorable circumstances could be measured only if it could be assumed that the preexisting levels of assistance had been adequate to meet existing needs for these special types of assistance. Since in many areas these programs have been grossly inadequate in terms of coverage, levels of payments, or both, an increase in a State's expenditures may represent an amount too small, even in a period of full employment, to meet the minimum needs of those in the population who must depend on public resources.

The Place of Social Security Programs

Payments to individuals under social security programs for which the Social Security Board carries Federal responsibilities—Federal old-age and survivors insurance, State unemployment compensation programs, and the Federal-State programs of public assistance—were a very small part of the rising stream of total income payments,

about 1.2 percent in the fiscal year 1941-42. Because of their character, however, the social security payments had an importance far beyond their proportion. All these types of payments went to persons who were little able or unable to share directly in the Nation's war effort—either temporarily, as in the case of workers involuntarily unemployed; for longer periods, as in the case of children for whom a survivor benefit or assistance was given; or ever, as in the case of many of the blind and the aged. Especially in a time of crisis and uncertainty, these provisions undoubtedly have helped to maintain civilian morale in families and communities. Unemployment insurance, in conjunction with employment services, has provided, further, a basic mechanism for maintaining morale among workers and for meeting swift and drastic changes inherent in transition to war. Through the information on employment and wages available as a byproduct of operations, both the old-age and survivors insurance program and the unemployment insurance program have furnished sights needed for aiming the Nation's activities at the requirements of war.

More important than the achievements of the social security program in any one year is the assurance it gives of an orderly approach to social risks, now recognized in the Atlantic Charter as a present and future objective of the United Nations. Many millions of American workers know that unemployment benefits will be paid them if they are laid off and cannot quickly find another job. Hundreds of thousands of aged workers who have delayed their claims for retirement benefits and millions of men and women—young, middle-aged, and old—who are building up wage credits know that if death or old age should stop their earnings, the old-age and survivors insurance program provides present protection for their dependents and safeguards against a penniless old age. Such assurance and the recognized public responsibility for aid to the needy aged, needy children, and needy blind are part of the heritage for which the Nation is fighting.

Extending the Social Security Program

The social security program established by the Congress in 1935 was envisaged as a foundation upon which more comprehensive provisions could be based as and when need for them was shown and feasibility demonstrated. In its regular and special reports to the Congress, the Social Security Board has outlined, in accordance with its legislative mandate, the directions in which it believed further action should lie. A major step was taken in the Social Security Act Amendments of 1939 when, with the provision of survivors insurance and of benefits to certain dependents of retired workers, the

emphasis of old-age and survivors insurance was placed on family needs rather than primarily on those of the individual aged worker.

Other major questions raised by the Board on the development of social insurance have related to the extension of coverage of the Federal old-age and survivors insurance program to employment excluded at the beginning for practical considerations, notably agricultural labor, domestic service in private homes, services for nonprofit organizations, public employment, and self-employment; a similar extension of unemployment insurance protection to appropriate groups of employees now excluded; and the application of social insurance to the serious social risks arising from temporary and chronic disability among workers and their families. In the field of assistance, the Board has been impressed with the differences which have developed from the varying economic capacity of the States to provide funds for Federal matching and the resulting large differences among the States in the levels of aid given to persons in substantially similar circumstances. Experience also has shown the limitations, in relation to the needs of families with dependent children, imposed by present restrictions on Federal matching for this program to payments which do not exceed \$18 a month for the first child and \$12 a month for each other child aided in the same home. It has also been clear that inadequacy of State and local resources for general assistance, in which there is no Federal participation, has resulted in some areas in severe hardships among persons who were outside the special groups aided under the Social Security Act and were not employed on Federal work programs.

The current significance of social security extension was outlined briefly by the President shortly after the attack at Pearl Harbor in his budget message of January 5. Declaring that he opposed use of pay-roll taxes as a method of war finance "unless the worker is given his full money's worth in social security," the President said that to carry out the long-contemplated extension of the coverage and scope of the program would "advance the organic development of our social security system and at the same time contribute to the anti-inflationary program." The additional contributions, he pointed out, would help absorb present purchasing power while building up reserves for post-war contingencies. The President also indicated his sympathy with amendment of the Social Security Act to modify the Federal matching grants for assistance to accord with the needs of the various States.

Experience in subsequent months has underscored the urgency of the problems to which the President called attention. All official estimates have shown a widening "inflationary gap," that is, discrepancy between the disposable income of American families and the shrinking supply of goods and services available for civilian purchase. Increased social insurance contribution rates would help to narrow this gap and

at the same time would finance development of the program. While aggregate contributions collected under Federal and State social insurance laws have reached unprecedented levels, the present increases, it must be emphasized, reflect in large part increases in deferred obligations of the existing insurance programs. As the result of the expansion in the labor force, greater continuity of employment, and the rise in levels of earnings, millions of workers who might not have had a chance to participate in these systems are accruing credits toward future benefits, and additional millions are obtaining credits which will qualify them for larger benefits than they could have earned in ordinary times. These considerations emphasize the importance of social insurance as one mechanism, among others, for helping to maintain economic equilibrium in a period of inflationary pressures and, by development of adequate reserves, for helping to forestall a general economic collapse which could follow the termination of the war.

The expansion of the labor force and the increasing mobility of labor make it even more evident that in social security, as in war, strength lies in union. War has drawn into the coverage of the Federal old-age and survivors insurance program hundreds of thousands of persons who once worked in excluded jobs and doubtless will return to their former occupations. Unless coverage is extended to the major employments and services now excepted, so that when the war is over these workers can continue to add wage credits to those they are now earning in wartime jobs, many will lessen or lose their chance for insurance protection despite the contributions they now are making or will qualify for only meager benefits.

Employment Security

The Board believes also that action is needed during the war to strengthen the unemployment compensation system so that it can effectively carry the post-war burden of unemployment. The crux of the problem lies in the financial basis of the program, especially in a period when employment and unemployment are clearly beyond the control of an employer or a State, since they are determined by national needs and international situations. At present the funds of each State are held separately for benefit payments to workers covered under the law of that State. Since the risk of unemployment varies widely among the States, some have funds far in excess of immediate and future needs, while others may be hard pressed to meet their liabilities. For this reason, pooling of funds is necessary to ensure payment of adequate benefits to all eligible unemployed workers, regardless of the States in which they are now covered, during any post-war readjustment period.

A Federal system would obviate the marked disparities in the proportion of workers protected under State laws and the degree of protection afforded. Existing differences in adequacy of benefit and coverage provisions, which arise from the differences in the ability and the willingness of the individual States to broaden the protection afforded by their laws, would be wiped out. These discrepancies may be illustrated by the fact that a worker whose high-quarter earnings and annual earnings are \$400 and \$1,000, respectively, would get a weekly payment varying from \$11 to \$17 and total benefits varying from \$100 to \$400, depending upon the State in which he earned his wage credits.

Although the States have made progress in broadening the protection afforded unemployed eligible workers since the inception of the program, the division of revenue among 51 separate funds limits the protection that can be provided under the existing Federal-State program. In 1940, more than half of the beneficiaries were still without a job when they exhausted their benefit rights. In many States, coverage restrictions exclude workers in small firms. Only the District of Columbia law provides for variations in the benefit amounts for workers having dependents. A Federal system would be appropriate for coverage of maritime workers who are now without protection because of the difficulties inherent in their coverage under State laws. It would reduce the number of tax returns required of employers, since a single return would serve the purposes of both the unemployment compensation and the old-age and survivors insurance programs.

A Federal program, moreover, would equalize the cost of unemployment compensation among employers. The diversity of experience-rating provisions under State laws has resulted in the fact that competing employers in various States contribute at different rates even when their unemployment experience is identical. In actuality, the allowance of additional credits against the Federal unemployment tax in line with experience-rating provisions has worked out so as to handicap competing employers in different States, a situation which that tax was intended to avoid. The result of these discrepancies is to instill in the States fear of placing their employers at a competitive disadvantage, in comparison with employers elsewhere. This fear gives an incentive to distort employer experience-rating plans and to refrain from measures to improve benefit standards. This situation works out to the financial disadvantage of employers in States which are endeavoring to deal adequately with workers' risks of unemployment and undermines the basic purpose of the unemployment compensation program. It threatens to impede improvement in the security furnished by the system and defeat the purpose for which it was created.

All these considerations, which developed in the experience of the pre-war years, have become of increasing importance in the light of the war economy and the stresses to be anticipated when the war ends. Although the total reserve accumulated by the States in the Federal unemployment trust fund represents an amount which is more than sufficient in relation to the present low volume of unemployment and existing standards of benefits, and although the fund as a whole is increasing rapidly, the reserves of some States would be threatened with insolvency under strains which must be anticipated in post-war years.

The national character of the labor market has become indisputably clear in terms of the job of mobilizing the labor force and allocating available manpower in the ways which best will serve the needs of the Nation. The task of relocating returned soldiers in civilian jobs and of demobilizing workers in war industries will bring problems at least equally comprehensive. In many instances, technological progress during the war may have drastically changed the industrial scene for workers whose experience was gained in pre-war years. Young people who have undertaken their first jobs during the war or have gone from school into the Army and Navy will require direction, and often training, to enable them to find their place in civilian pursuits. Extensive migration of workers and their families will be necessary in the readjustment of the country to peacetime activities. The Social Security Board is convinced that nothing less than a national uniformly operated employment service, sustained by an adequate and soundly financed Federal unemployment insurance system, will meet the needs of the period immediately following the war and the longer-range objectives of social security. In unemployment insurance, as in the present Federal system of old-age and survivors insurance, benefits for dependents could afford a means of providing compensation more nearly adequate for family needs. The Board believes that such a system is needed to underwrite the Nation's future security.

Old-Age and Survivors Insurance

Operation of Federal old-age and survivors insurance, in contrast to that of unemployment compensation, has shown that the basis of the program is sound. The Board believes that extension of coverage under this system to agricultural labor, domestic service, public employment, service for nonprofit institutions, and self-employment is now of paramount importance to the objectives of social security in war and in peace.

Apart from the limitation of coverage, there remains a serious lack in that there is no provision for retirement benefits to workers who become chronically disabled. In that lack the present program is almost alone among the retirement provisions of all major countries and substantially all important public retirement systems in the United States.

The war emergency has shown that many aged workers are able and anxious to continue in jobs when an opportunity offers; in many instances, advanced age of itself is a less devastating risk to individual independence and family support than physical incapacity at younger ages. Unless he has reached age 65 and can claim old-age retirement benefits, a worker ordinarily has no social insurance protection against disability except for the limited provisions under workmen's compensation laws. Moreover, if a worker is permanently disabled at younger ages, when the requirements of his family are usually greater than in his old age, he may lessen or lose the protection he has built up for himself and his dependents under the Federal old-age and survivors insurance system.

From the long-range standpoint, moreover, orderly provision for retirement of disabled workers and their replacement by others whose efficiency is unimpaired is important for industry as well as the individuals involved. This principle is likely to prove of special importance in the years following the war. The pressure of the emergency and the inclusion in the labor force of all who now can serve in any capacity will leave a considerable group of persons who, after the strain of the war years, may be unable to continue in regular employment. At that time jobs will be needed by the young and vigorous men demobilized from the armed forces. The Board believes that cash benefits, payable as a matter of right without a means test, should be provided to compensate workers for part of the wage loss sustained by chronic and total disability. Both in coverage and in benefit provisions, including survivor benefits, such a measure should follow the general patterns of Federal old-age and survivors insurance.

Two and one-half years of experience in paying old-age and survivors insurance benefits have demonstrated the desirability of liberalizing certain provisions, removing anomalies, and simplifying administrative requirements. At present, only about 42 percent of the wives of primary beneficiaries are 65 years of age or over and so entitled to benefits; the requirement should be lowered to age 60 for wives of annuitants so as to make more of them eligible for benefits, and the age requirement for widows and female primary beneficiaries lowered to the same extent. If the wife of a beneficiary has children in her care, she should receive benefits irrespective of her age. The dependency requirement for parent's benefits should be reduced to a showing that the parent was chiefly supported by the deceased wage earner, and parent's benefits should be increased to 75 percent of the primary benefit. Many minor changes to remove inequities and to simplify administration should be made. Finally, measures should be taken to protect the insurance rights of workers covered by the program who have entered the armed forces.

Temporary Disability

In its effect on family income, temporary disability is much like temporary unemployment. Nevertheless, an insured worker who can claim benefits for unemployment when he is able to work and available for work has no right to benefits when he is unemployed because of illness, even though he ordinarily must incur sickness costs in addition to his loss of wages. On an average day of the year, probably some 3 to 4 million persons are incapacitated for their ordinary pursuits by reason of disabilities of less than 6 months' duration from which they will recover sooner or later. Provision of cash benefits for temporary disability would strike at a serious cause of poverty and dependency and, in the opinion of the Board, is a needed adjunct to the social security program.

Hospital Benefits

The serious aspect of medical costs lies not in the average among the population as a whole but in the unpredictable and heavy burdens of families in which there is major illness or prolonged illness during a year. Provision of benefits to offset the burden of hospital bills on insured workers and their families would be of substantial help in lightening the problem of high-cost illness. The Board is of the opinion that the risk of hospital costs is one to which the approach of social insurance is particularly appropriate.

Public Assistance

Any social insurance system must necessarily be governed by fixed requirements and benefit scales designed, in accordance with the specific program, to cope with the more common situations and losses among the insured population; there would otherwise be no means of assuring the proper equilibrium between contributions and benefits. Under any qualifying requirements and benefit scales adopted for such a system, some individuals will fail to qualify and others will meet with a combination of circumstances which transcend the provision feasible under the general rules of the system. It is, therefore, an accepted principle that social insurance must be supplemented by a sound program of assistance, provided on the basis of individual need, to meet situations in which insurance protection is inadequate.

The assistance payments in which the Federal Government now collaborates through matching grants to States under the Social Security Act are limited to three special groups: the needy aged, needy blind, and children who are dependent by reason of the death, incapacity, or absence of a parent. Obviously, many needy individuals and families are outside these special categories of the population. Moreover, even among these special groups there are many who cannot

qualify for aid under the approved State plans for which Federal funds are provided because they fail to meet a requirement of State law, such as that for residence, or—among the families with children—are in need by reason of the parent's unemployment or insufficient earnings, rather than one of the causes specified in the Social Security Act. In addition, some States have been unable to provide sufficient funds for Federal matching to aid all persons who could qualify under the Federal-State programs or to give adequate assistance for those who are on the rolls.

This last situation, to which the President alluded in his budget message, can be met through authority to provide special aid, rather than merely the uniform matching Federal grant, to States which have relatively small economic resources of their own, as measured by some such objective scale as per capita State income. The Board is convinced that such a measure is necessary to assure comparable standards of aid to persons in similar circumstances, irrespective of the State in which they happen to live. At present the great disparity in standards of assistance under the Federal-State programs, for which the Federal share is governed by the amount that the State can provide, makes it necessary for the Federal Government to countenance and participate in operations which do not sustain the purpose of these assistance programs.

More nearly adequate support of the present Federal-State programs would still leave two other major problems unsolved: the situation of needy persons who are outside these categories of the population, and the special problems arising from the extent of need among families with children. Studies of the Board and other official agencies have shown time and again that the majority of the children of the United States are growing up in homes where resources are too small to supply the shelter, food, clothing, and other essentials needed for a child's healthful growth and development. The present expansion of earnings has improved the situation of families with children, as of others, but as a group they remain at the bottom of the economic scale and in large part below any line which can be accepted as an American standard of living. Under the stress of war conditions and of circumstances to be anticipated in the post-war years, the economic handicaps of children and their parents are a threat to the future well-being of the United States.

The Board believes that a minimum approach to this situation would be to increase the maximum amount of payments for aid to dependent children for which Federal matching is available or to remove maximums for Federal matching, leaving a State free to use Federal funds under an approved plan to meet the Federal share of as much assistance as the State agency deems necessary for families

with dependent children. The relative restriction of the Federal contribution is reflected in the fact that the Federal Government now provides a considerably smaller share of the total cost of aid to dependent children than of old-age assistance or aid to the blind. Consideration should be given also to extending the scope of the program by including children whose need is due to causes other than those now specified, i. e., the parent's death, incapacity, or absence from home. It has been suggested, for example, that Federal matching grants should be available for approved State plans which furnish aid to any child whose family resources are insufficient to ensure healthful growth and development, whatever the reason. It is of interest that Great Britain, as a means of assuring the Nation's future, is giving serious consideration to establishing flat-sum allowances for all children in the population without a means test, for all children in families below a given income level, or for all children excluding the first or the first two.

Apart from the particular need of families with children, the Board is of the opinion that Federal aid should be available for general assistance under arrangements similar to those for the special types. At present, only State and local funds are used for such aid, and typically such resources are least where and when need is greatest. The precipitate drop in the past fiscal year in total expenditures for general relief reflects general increases in employment and earnings but also masks the fact that in many areas where little or nothing was previously given needs are still acute. Since the localities have been providing about half of all funds for general relief, questions of legal settlement of applicants for relief have been an especially troublesome problem. The migration occasioned by the war, and even more the drastic readjustments of industries, communities, and families which will be necessary at the war's end, make this a responsibility which transcends county and State lines.

It is the opinion of the Board that several legislative changes are needed to improve the public assistance programs under the Social Security Act. The Board believes that the Federal Government should aid the States in financing medical care for recipients of assistance by including an appropriate share of the costs of such services in the grants to States for public assistance. The residence requirements of State plans for old-age assistance and aid to the blind should be liberalized to accord with provisions under approved plans for aid to dependent children; to this end, Federal grants under the Social Security Act should be payable only to States which do not deny assistance on the score of residence to aged and blind applicants who have resided in the State for the year immediately preceding application. To remove a requirement which is difficult

to administer and of dubious value, Federal grants for aid to dependent children should be payable with respect to otherwise eligible children aged 16 and 17 years, regardless of school attendance. The present provision for Federal participation in administrative costs of the old-age assistance program should be revised to permit the Federal Government to bear half of such costs, as it now does for aid to the blind and aid to dependent children. Under existing provisions, States receive a 5-percent addendum to the Federal grant for old-age assistance to be used for assistance payments, for administration, or for both purposes.

The Objective of Social Security

The Social Security Act of 1935 represented, in effect, prudent application of existing experience and initial limitation of new ventures. The special types of assistance stem from measures previously in long use in many States. The unemployment compensation program was intentionally designed to permit wide latitude for experimentation in diverse measures among the States. The Federal old-age insurance program assumed, in comparison with other countries, only a limited scope of protection. Risks of disability and sickness, which typically have been the first to be incorporated in social insurance measures, were recognized only in the grants of Federal funds for aid to the needy blind and, in relatively small amounts, for certain health services and vocational rehabilitation.

The past 7 years have seen the actual establishment and operation of all measures for which authority was given in the 1935 law and also of the broadened Federal insurance system established under the Social Security Act Amendments of 1939. All these measures have proved compatible with American customs and ideals, and all have served with greater or lesser effectiveness under conditions of relative economic depression, in the rising prosperity of 1940 and 1941, and during the onrush of industrial activity of the first half of 1942. Social security has been accepted as an objective in the American way of life; in operation, the program has proved adaptable to both continuing and emergency needs.

The Board believes that experience now is ample to warrant reconsideration of aspects of the program which have proved less effective than had been hoped, notably the Federal-State division of responsibility for unemployment insurance; to justify extension of the social insurance systems to a far wider segment of the population; to correct other inequalities and inadequacies, such as those evident in the field of public assistance; and to extend the devices of social security to additional risks.

These proposals envisage the ultimate attainment of a unified social security program which will sustain individual initiative on the part of American workers and their families while providing a bulwark against all major risks to those whose livelihood depends on work. Such a program must necessarily give full recognition to needs at all ages from infancy to the ages when earnings dwindle or cease. It must recognize adequately the risks of unemployment, sickness and disability, advanced age, and death of the breadwinner, in terms of compensation for loss of earnings and also in terms of means for preventing such catastrophes, insofar as possible, and restoring well-being in the households which experience them. The attack on these risks requires use of social insurance devices, of public assistance, and of organized services developed in conjunction with insurance and assistance programs or as separate community services utilizing the resources of governmental and voluntary agencies, national, State, and local. In the field of social security, as elsewhere in our economy, the war has made clear the need for unity in the approaches to Nation-wide problems and the need for speed in every measure to strengthen the American people for all-out effort. At the same time, there is urgent need to begin preparations for the sweeping readjustments which will be inevitable at the end of the war and for the continuing advance toward economic security which is among the war objectives of the United States and her Allies.

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Insurance and Assistance Programs

THE SOCIAL SECURITY BOARD has wide responsibilities for assuring effectiveness of administration, equity to individuals, and general social and economic adequacy of five Federal or Federal-State programs designed to provide economic security through money payments to individuals temporarily or permanently deprived of normal means of support. The Social Security Act also requires the Board to make a full report each year to the Congress on the administration of the functions with which it is charged and to study and recommend legislation and administrative policy for effective methods of providing economic security.

Administering and Financing the Programs

Organization of the Board.—The membership of the Board remained unchanged during the fiscal year 1941-42; on August 7, 1941,¹ the United States Senate confirmed the reappointment of George E. Bigge of Rhode Island for a 6-year term expiring August 13, 1947. The Chairman continued to serve ex officio as a member of the Board of Trustees of the Federal old-age and survivors insurance trust fund, and also was appointed Executive Director of the War Manpower Commission established on April 18, 1942.

The Board maintained the same functional organization as in previous years. Under the supervision of the Executive Director, the Bureaus of Old-Age and Survivors Insurance, Employment Security, and Public Assistance were responsible for the administration of the respective programs established by the Social Security Act. General and coordinating services for all programs were furnished by the service bureaus—the Office of the Actuary, the Bureau of Accounts and Audits, the Bureau of Research and Statistics, and the Informational Service—and by special units of the Office of the Executive Director. The Office of Appeals Council directed and supervised hearings with respect to old-age and survivors insurance payments and wage records, and reviewed decisions of appeals referees serving in the several regions. The 12 regional offices of the Board, under the supervision of regional directors, were staffed with representatives of each program Bureau and with service units concerned with accounting and auditing operations, informational activities, and maintenance of State personnel merit systems. Legal services to the Board and its

¹ This date was erroneously given as August 6, 1941, in footnote 1, page 15, of the *Sixth Annual Report of the Social Security Board*.

regional offices were furnished by the Office of the General Counsel of the Federal Security Agency. Responsibilities for personnel administration, assumed by the Agency in October 1939, were transferred to the Board in April 1942 and assigned to the Office of Personnel and Business Management Services in the Office of the Executive Director. This arrangement provided for a further decentralization of certain personnel functions to the Bureau of Old-Age and Survivors Insurance and to the regional offices of the Board.

For decentralized functions of the old-age and survivors insurance program, the Board maintained, as of June 30, 1942, personnel and facilities in 2 Territorial offices, 478 field offices, 10 branch offices, and 1,802 stations with itinerant service, representing 1 more field office, 3 fewer branch offices, and 172 fewer stations with itinerant service than at the end of the previous fiscal year. As a further step in decentralizing operations under the program, field offices were made responsible for adjudicating claims and 5 cities were selected for the establishment of area offices to review claims determinations and to certify benefit payments. An area office in Philadelphia was opened on June 1, 1942, and one in New York City on July 1.² The central headquarters of the Bureau of Old-Age and Survivors Insurance was moved to Baltimore at the end of the fiscal year to relieve, in part, the congestion of transportation facilities, office space, and housing in Washington, and to provide closer proximity to the wage records which, since their establishment, have been maintained in Baltimore.

Under the employment security program, the Board maintained at the close of the fiscal year 1,517 employment offices and provided itinerant service for 2,692 localities. At the end of June 1941, there were 1,498 such offices and 3,159 localities with itinerant service. The reduction was necessitated, for the most part, because of lack of funds.

On June 30, 1942, the Social Security Board had, in Washington, in the central and wage-records office of the Bureau of Old-Age and Survivors Insurance in Baltimore, and in regional and field offices, 13,297 employees, representing an increase of 615 persons as compared with the close of the previous year. Not included in this count were the 22,391 permanent and temporary employees in the employment services administered by the Board in the States.

*Expenditures.*³—Expenditures by the Social Security Board in the fiscal year 1941-42 amounted to \$474.1 million, of which \$374.7 million or 79.0 percent represented advances certified for grants to States

² The area office in Chicago opened on August 1, 1942; those in New Orleans and San Francisco on September 1.

³ This discussion excludes \$1.0 million paid by the Federal Government for postage expenses incurred by State employment services in 1941-42 and a similar expenditure of \$1.2 million for the previous fiscal year.

for public assistance; \$53.6 million or 11.3 percent, advances certified for grants to States for employment security administration from appropriations under title III of the Social Security Act and the Wagner-Peyser Act; and \$17.6 million or 3.7 percent, title III funds expended for the Federal administration of the United States Employment Service. The remaining \$28.2 million, or 5.9 percent of the total, represented obligations incurred for administrative expenditures of the Board, comprising \$22.7 million for salaries, \$1.5 million for travel, and \$3.9 million for general operating expenses. Comparable figures for the preceding fiscal year were: total expenditures, \$422.1 million; public assistance grants, \$329.9 million; employment security grants, \$65.6 million; and administrative expenses, \$26.5 million. In both years, the major part of the administrative expenditures of the Social Security Board were costs chargeable to the Federal old-age and survivors insurance program which were reimbursed from the old-age and survivors insurance trust fund. In the fiscal year 1941-42, payments from that fund amounted to \$137.0 million, of which \$110.3 million represented monthly benefits and lump-sum death payments to individuals, and \$26.8 million expenses of the Social Security Board and Treasury Department.

Increases in Social Security Board expenditures over the preceding fiscal year were as follows: Grants to States for public assistance were \$44.7 million or 13.6 percent above those for 1940-41, and expenditures for employment security administration in the States increased \$7.2 million or 11.5 percent. The 6.4-percent rise in central administrative expenses of the Board was almost exclusively in salaries; general expenses declined 7.9 percent, and expenditures for travel were nearly the same in both years. The increase of 9.7 percent in salaries reflected the emergency central office and regional functions of the employment security and public assistance programs, although increases occurred also in personnel and pay rolls for the old-age and survivors insurance program as a result of the expanding volume of claims, benefits, and appeals. Expenditures for salaries of personnel engaged in all other services declined nearly 6 (5.5) percent, despite the transfer of personnel functions to the Board and the periodic salary increases received by 29 percent of the Board's employees under the provisions of the Ramspeck Act (Public, No. 200, 77th Cong.).

Comparisons of appropriations and expenditures can be made only on the basis of Treasury reports which differ slightly in inclusiveness and stages in payment process from the fiscal records of the Social Security Board. The Board's records represent advances certified for payments to States and obligations incurred for administrative expenses of the Board, and include expenditures from special defense appropriations for the USES and expenses incurred by the Social

Security Board which are met from the general expense fund of the Federal Security Agency. Treasury data for expenditures are on a checks-cashed basis; moreover, amounts of appropriations and expenditures exclude administrative expenses other than those for salaries, reappropriated unexpended balances of appropriations for prior fiscal years, and special defense funds of \$1.5 million allocated to the USES for the year 1941-42. Board as well as Treasury data include sums made available through deficiency appropriations, and both exclude funds allocated to the Board by the Federal Security Agency from the \$750,000 from the President's emergency fund for benefits and assistance under the civilian war relief program and for assistance to enemy aliens and to Americans repatriated from foreign countries.

The total amount available from appropriations for the Social Security Board and from allocations to the Board from appropriations for the Federal Security Agency for the fiscal year 1941-42 was \$488.1 million, of which \$458.6 million or 93.9 percent was appropriated for grants to States, including grants under the Wagner-Peyser Act; \$25.7 million, or 5.3 percent of the total, was appropriated for salaries and miscellaneous expenses of the Social Security Board; \$1.5 million, or 0.3 percent of the total, was appropriated for selecting, testing, and placing defense workers; and \$2.3 million, or 0.5 percent of the total, was allotted for traveling expenses and printing and binding.

Both sets of data exclude Federal payments to individuals under the old-age and survivors insurance program, which are paid from the Federal old-age and survivors insurance trust fund, and benefits to unemployed workers paid by the States from collections under their unemployment compensation laws, amounting to \$116.5 million and \$371.3 million, respectively, for the fiscal year. They exclude, also, State shares of administrative costs and assistance payments for plans for old-age assistance, aid to dependent children, and aid to the blind approved under the Social Security Act.

It is estimated that total expenditures—Federal, State, and local—under the Social Security Board programs of the Social Security Act and under the Wagner-Peyser Act for the fiscal year 1940-41 amounted to \$1.3 billion, or 5.6 percent of all public expenditures for all purposes. With higher Federal expenditures for defense and war in the fiscal year 1941-42, the proportion spent for special types of public assistance, employment security, and Federal old-age and survivors insurance was appreciably smaller than in the preceding year.

Responsibilities for Federal-State Programs

Under the Social Security Act there has developed a new form of Federal-State cooperation in meeting the problems of economic security among individuals and families. Regard for dangers of insol-

gency in individual State funds and for intricacies of maintaining individual retirement credits in 51 jurisdictions for workers who have moved from State to State during the course of a working life indicated the need for a Federal system for old-age retirement, upon which has been built the present old-age and survivors insurance program. In fields of public assistance and unemployment compensation, however, the Social Security Act has left to the States the major responsibility for determining the scope and adequacy of the programs which States might elect to establish or bring within the Federal-State framework, reserving to the Federal Government the right to withhold financial participation in any program which failed to meet certain standards of administration and of equity.

As a result, there were, as of June 30, 1942, 51 separate unemployment compensation laws with varying provisions for meeting the needs of unemployed insured workers; 51 plans for old-age assistance varying in levels of payments and criteria of need; and 47 approved plans for aid to dependent children and 44 for aid to the blind with varying eligibility requirements and assistance levels.⁴ Before certifying Federal grants for Federal participation in these 193 diverse programs, the Social Security Board must judge the extent to which each fulfills the conditions laid down in the Social Security Act. Since the act permits wide latitude for State variations in legislative provisions, Federal responsibility is concentrated on determining standards and performance with respect to methods of administration, legislative interpretation, and fiscal control.

Personnel merit systems.—Since January 1, 1940, the Social Security Act has required, as a condition of Federal participation in State unemployment compensation and public assistance programs, that standards of proper and efficient administration shall include establishment and maintenance of personnel merit systems. All States have, therefore, either included personnel of their employment security and public assistance agencies under existing State-wide civil-service systems, have established such systems, or have set up joint or separate merit systems for personnel in Federal-State programs under the act. The State Technical Advisory Service of the Board has had continuing responsibility for aiding States in establishing these systems, in determining the content and conduct of examinations for selection of staff, in building up registers of eligible candidates, in constructing classification, compensation, promotion, and appeals systems, and in determining the composition and responsibilities of

⁴ As of June 30, 1942, four States (Alaska, Iowa, Kentucky, and Nevada) were without approved plans for aid to dependent children. Seven States (Alaska, Delaware, Illinois, Kentucky, Missouri, Nevada, and Pennsylvania) lacked approved plans for aid to the blind; a plan for aid to the blind in Kentucky was approved by the Board on July 14, 1942.

merit-system councils. Through representatives in regional offices this Service offers, on request, continuing counsel to State agencies in meeting new problems, and observes and evaluates the effectiveness of merit-system operation.

Designed to foster a career service, merit systems in the States have served well in maintaining efficiency and relative stability in staffs of social security agencies. Military recruitment and defense production have opened new job opportunities, but personnel turnover, while serious, has been less in State social security agencies than in State agencies not under merit systems. In their personnel policies the social security agencies have been building, as far as possible, to meet post-war as well as war problems. Efforts to gear merit-system administration to war conditions have included more frequent examinations and, where necessary, continuous recruitment, revision of compensation plans, more rapid promotion of qualified employees, reduction in the number of specialized classes of positions, and increasing use of qualified women. Increased effectiveness is also sought in reducing the time required for the conduct of examinations and in ensuring more rapid preparation of lists of qualified applicants, more frequent circularization of eligible lists, and the use of the Employment Service in recruiting. The active, continuing cooperation of administrative officials and employees, the quality and character of merit-system councils, and the strength of public support provide a sound foundation for present service and future progress.

Legislative and fiscal supervision.—Proposed and enacted amendments to State laws and changes in State public assistance plans have entailed, as in past years, detailed evaluation of legal, fiscal, and administrative aspects of Federal-State programs under the Social Security Act. In the fiscal year 1941-42, few States held regular legislative sessions, and formal consideration was given to amendments of unemployment compensation laws in only 16 States. Changes in the status of unemployment compensation laws effected by amendments, the adoption of rules and regulations, court decisions, or other factors were reviewed for all States, for the purpose of enabling the Board to make required findings as to conformity with Social Security Act requirements.

Administrative supervision requires, also, continuing review of unemployment benefit decisions, court rulings, opinions of attorneys general, and the conduct and results of State hearings of applicants for unemployment compensation and public assistance who are dissatisfied with agency determination of their eligibility or levels of payments. During the year, digests were prepared, annotated, codified, and published, giving precedent decisions on coverage, eligibility, and dis-

qualifications under Federal and State laws affecting unemployment compensation rights. Surveys of public assistance administration were made in 196 localities in the course of continuous administrative review of these programs. Semiannual pre-audits of financial transactions were completed for 51 State unemployment compensation agencies and 24 joint merit systems; post-audits were completed for employment service pay rolls for January–March 1942. Semiannual post-audits are made for each approved State public assistance program; 233 such audits were completed in the fiscal year 1941–42.

Other services.—Effective cooperative performance of any function requires periodic survey of the results achieved by all participants. The Board has, therefore, maintained reporting services on a Nation-wide basis to give a comprehensive summary of the status of insurance and assistance programs in the national economy and in the economy of each State. Monthly or other periodic reports on payments and individuals receiving payments and brief summaries of special studies are published in the *Social Security Bulletin*, which is distributed to officials of collaborating Federal and State agencies. Its annual supplement, the *Social Security Yearbook*, is issued for the same administrative distribution to summarize, in perspective, administrative, legal, and economic developments in each calendar year. The *Employment Security Review*, issued monthly, has been an administrative tool for informing personnel in State and local employment offices of national and local developments in the campaign to mobilize manpower. The *Unemployment Compensation Interpretation Service*, also issued monthly, makes available to State unemployment compensation agencies precedent decisions, rulings, and opinions rendered under the laws of all States.

Studies, reports, and compilations evaluating special aspects of administration are distributed in printed or processed form to make the results of analysis of one or more phases of social insurance and assistance available for administrative purposes; some such publications are available to the general public through purchase from the Superintendent of Documents. Because of the war emergency, all printed or processed publications have been reduced in length and in number of copies, and many reports have been discontinued or indefinitely suspended. Informational activities were mainly directed toward acquainting new workers and employers with their rights and responsibilities under the Social Security Act; toward obtaining the cooperation of workers and employers in meeting the requirements of the defense and war programs, particularly with reference to the work of the USES; and toward assisting State public assistance and unemployment compensation agencies in their informational activities and problems.

The Program in Perspective

The pages which follow give in some detail the units by which social security developments in the fiscal year may be measured. As isolated figures, amounts of payments to individuals and States, number of recipients of such payments, and other bench marks of progress may seem large or insignificant, depending upon the setting in which they are placed. To the extent that old-age and survivorship protection has been acquired by larger segments of the population through the concentration of workers in the employments to which the program is limited, the fiscal year records substantial progress. Payments of retirement benefits, unemployment compensation, and assistance reflect the fact that the levels of employment and earnings have substantially reduced the incidence of the risks these payments are designed to meet, but indicate the very substantial offset required even in this year to loss of normal means of support. In a dynamic economy, relative emphasis of these programs of necessity shifts with tides of prosperity and depression, technological developments, and standards and costs of living. The real measure of the effectiveness of the programs for which the Social Security Act laid a foundation lies in their flexibility, their sensitivity to changing needs, and the assured place they have gained in government policy and the will of the people.

Employment Security

The fiscal year 1941-42 demonstrated to a greater extent than any prior period the fundamental value of the employment security program for workers and their families, for local communities, and for the Nation as a whole. Through detailed knowledge of the training, skills, and experience of members of the local labor force, employment offices were in a position to aid materially in supplying manpower to gear production schedules to wartime needs and to anticipate the effects of shortages of materials, housing, transportation, and educational, sanitary, social, and recreational facilities throughout the United States. Benefits under State unemployment compensation programs served in no small measure to maintain workers and their dependents while existing plants were converted to produce goods for military use and while new factories were under construction.

Employment Service

Prior to the establishment of unemployment compensation programs, the public employment services of the United States functioned under the limitations of inadequate and emergency financing, and a large proportion of their placements were in the domestic service and unskilled occupations. With registration for work a requirement for

establishing eligibility for unemployment benefits, the employment offices widened their contacts with workers and employers in industry and commerce. The contribution of the Employment Service to the war emergency has been described in part I of this report. The transfer of this service from the States, first to the Social Security Board for Federal administration and subsequently to the War Manpower Commission, gave ample proof of the importance of the role of the Service in Nation-wide mobilization for agricultural and industrial production.

Placements.—The USES made 8.1 million placements in the fiscal year, the largest volume on record, 29.3 percent more than in the previous 12-month period and 75.7 percent more than the total for 1939-40. By the end of June 1942, a radical shift had already occurred in the placement activity of the USES. Jobs filled in manufacturing had expanded rapidly, while those in trade and service were falling. Shipyards and aircraft companies were using USES facilities to the utmost, especially on the Pacific Coast. These placements include complete and supplementary placements in agricultural and nonagricultural jobs. Nearly 970,000 placements were made in Texas, 692,000 in California, 672,000 in New York, and 505,000 in Tennessee.

Active file of applicants.—Registrants in the active file of the USES include unemployed persons seeking work, new entrants to the labor force, and employed persons in search of better jobs. Despite the addition of millions of new or returned workers to the labor force, the number of job seekers registered as of the close of the fiscal year 1941-42 had declined to 4.3 million, the lowest point, except for May 1942 and October and November 1941, in the history of the Employment Service. The decrease was entirely attributable to a drop in the number of men, for the number of women job seekers was at the near-record high of 1.5 million. On June 30, 1942, New York, with 468,091 registrants, had the largest reservoir of applications. Of the 49 jurisdictions for which data on the active file are comparable for both fiscal years, only 8 (Arizona, Indiana, Michigan, Minnesota, Oklahoma, South Carolina, Washington, and Wyoming) had larger numbers of registered job seekers on June 30, 1942, than on the corresponding day of 1941; the increases ranged from 0.3 percent in South Carolina to 37.9 percent in Minnesota. Decreases ranged from 71.8 percent in Idaho to 0.5 percent in Illinois, with nearly half representing declines of 25.0 percent or more.

Applications received during year.—A large proportion of the 18.9 million applications for work received during the fiscal year were in the six States (California, Illinois, New York, Ohio, Pennsylvania, and Texas) with the largest total population, each of which had a

million or more applications. For the United States as a whole, the rate of applications rose from 4.4 million a quarter in July–September and October–December 1941 to about 5.0 million in the first 2 quarters of 1942. Curtailment of civilian industrial employment contributed to this increase, for the number of initial claims for unemployment benefits received in central State offices increased from 1.4 million in July–September and 1.5 million in October–December 1941 to 1.8 million and 1.7 million, respectively, in January–March and April–June 1942.

Compensating Unemployed Workers

The increase in industrial and commercial employment during the fiscal year brought many new workers under the protection of State unemployment compensation programs and greatly augmented the contributions collected to finance these programs. Claims and benefit payments rose and fell with displacement of insured workers from their customary jobs and reabsorption of these workers in expanding war industries. For industries and communities which have not yet participated in the rapid conversion and for individual workers who have been unable to find new jobs promptly, these benefits have been an important means of conserving the labor force and bridging the transition to all-out war production.

Workers with wage credits.—It is estimated that at least 37.2 million workers earned wages in employment covered by State unemployment compensation laws at some time during the calendar year 1941. There will probably be more than 40 million workers with wage credits in 1942, since employment in covered industries continued to expand greatly during the first 6 months of 1942. The figure for 1941 represents a rise of nearly 16.4 percent from the coverage in 1940, which in turn was 6.2 percent higher than in 1939. These figures are adjusted to account for workers who have wage credits in more than one State.

The increase in the number of employers subject to State unemployment compensation laws is also impressive; there were nearly 893,000 in the fiscal year 1941–42 as compared with 851,000 in 1940–41 and 811,000 a year earlier. The coverage of the program is more limited than the Federal old-age and survivors insurance system; while both insurance programs apply almost exclusively to industrial and commercial employment, all but 12 State unemployment compensation laws, like the Federal Unemployment Tax Act, contain a size-of-firm restriction which denies coverage to workers in very small establishments (in 24 States, less than eight employees). Variations in State laws with respect to eligibility requirements, benefit amounts and duration, disqualifications, and other conditions result in wide differences in the protection afforded against the risk of involuntary unemploy-

ment. Serious questions for the future arise from these factors, the inadequacy of present benefit duration, and doubts concerning the ability of some State funds to finance benefits when factories must close again for re-tooling to produce goods for civilians.

Benefits and beneficiaries.—In the fiscal year 1941–42, \$371.3 million was paid in benefits to unemployed workers under State unemployment compensation laws, an amount 14.3 percent less than in the previous 12-month period and 23.0 percent below the payments in 1939–40, the first full fiscal year of benefit payments throughout the country. This reduction in payments for the United States as a whole masks wide differences among the States, some of which paid out far more in 1941–42 than in the previous fiscal year. Whereas declines of 50 percent or more were recorded in 4 States, 14 States paid more in benefits in 1941–42 than in the prior year, with increases ranging from 0.8 percent in Oklahoma to more than 103.7 percent in Michigan. Some increases resulted from more liberal benefit provisions, but, for the most part, the uneven incidence of unemployment resulting from shortages of materials and the uneven distribution of Federal contracts were the causes—factors over which employers or States could have little or no control.

For the country as a whole, quarterly rates of benefit payments reflected the ebb and flow of unemployment which followed in the wake of priority orders and production speed-up. In the first quarter of the fiscal year, July–September 1941, benefits amounted to \$78.9 million; in subsequent quarters the rates were \$69.4, \$124.1, and \$97.3 million, respectively. The average weekly benefit for total unemployment was \$11.99.

Unemployment in the total labor force as estimated by the Work Projects Administration ⁵ averaged 5.2 million persons in July–September 1941, dropped to 3.9 million in the following quarter, rose to 4.0 million in January–March 1942, and dropped again to a low point of 2.8 million in the last quarter of the fiscal year. The weekly average number of beneficiaries under State unemployment compensation laws for these periods were 558,786, 474,470, 812,458, and 610,244. On the basis of these estimates, therefore, in an average week in these quarters approximately 10.7, 12.2, 20.3, and 21.8 percent of the unemployed workers in the labor force received one or more weekly benefits. The higher proportion of benefit recipients in the quarter January–March 1942 doubtless resulted from the beginning of new benefit years in many States, permitting workers who had exhausted benefit rights in earlier months to qualify for additional payments.

⁵ On August 24, 1942, the responsibilities and functions of the Sample Surveys Section, Division of Research, Work Projects Administration, was transferred by Executive Order No. 9232 to the Bureau of the Census, in which the Current Surveys Section was established to continue the series.

In the fiscal year 1941-42, local offices of State unemployment compensation agencies received 6.4 million initial claims for benefits; the net number of new claims allowed was 4.5 million. In the same period 40.4 million continued claims were received. The number of first benefit payments issued, a measure of the number of different individuals receiving one or more payments under the program during the year, was 3.2 million in 1941-42 as contrasted with 3.9 million in 1940-41 and 5.1 million a year earlier.

Weeks compensated.—The average duration of unemployment benefits was 9.5 weeks in 1941-42 as contrasted with 10.6 weeks in the prior year. For the United States as a whole, 31.5 million man-weeks of unemployment were compensated in the 12-month period ended June 30, 1942, or 23.5 percent less than the 41.1 million compensated in the previous year. For the 4 quarters of the year 1941-42 the trends of weeks compensated were 7.3, 6.4, 10.4, and 7.9 million, paralleling the quarterly fluctuations in amount of benefit payments. Total unemployment represented 91.3 percent of the weeks compensated, as compared with 90.3 percent in the previous year. In July-September 1941, weeks of total unemployment compensated represented 91.8 percent of all compensated weeks; this proportion dropped to 89.2 percent in October-December 1941, and rose to about 92.0 percent for the first 2 quarters of 1942.

Funds available for benefits.—As of June 30, 1942, States had \$2.9 billion available for benefits, including amounts in their accounts in the unemployment trust fund in the Federal Treasury and amounts in State clearing and benefit-payment accounts. This sum amounted to \$77.72 per worker with wage credits in 1941 as compared with a ratio of \$65.89 in the previous year. Fuller employment, higher wage rates, and overtime pay account for the increase in accumulations in relation to the number of workers who have acquired current rights under these State programs. For the United States as a whole, funds available for benefits on June 30, 1942, were the equivalent of 4.8 times the amount expended in the highest year of benefit payment. The reserves of individual States showed wide variations, however, ranging from 34.4 to only 1.9 times the expenditures in the highest year of benefit payments. These differences reflect the variations among the States in tax base and in the volume and duration of unemployment and in the benefit formula in effect during the years in which benefits have been payable. It is apparent that the reserve funds in some States would be unable to carry the burden of increased benefit payments in a future depression period, when the workers who have recently entered covered employment claim benefits based upon their high wartime earnings. The reserves of individual States range from accumulations sufficient to compensate only about one-fifth of the insured workers to

amounts more than adequate to meet all compensable unemployment if all workers with wage credits were unemployed. In a period of widespread and prolonged unemployment, however, average benefits would have to be higher in amount and longer in duration if the compensation program is to be a significant factor in providing economic security for workers, communities, and the Nation.

In 1941-42, States deposited \$1,096.0 million in the unemployment trust fund in the Federal Treasury, 23 percent more than in 1940-41. These deposits represent amounts collected from employers, and in 5 States from employees also, during the fiscal year. In this period, \$62.0 million was credited to State accounts as their share of Federal interest payments on the securities in which the fund is invested. With total withdrawals of \$368.1 million, the balance of the State accounts amounted to \$2,883.7 million in the trust fund at the end of the year, appreciably more than the balance of \$2,093.7 million at the end of the previous fiscal year. Average rates of collection in the several States varied. In 34 States with experience-rating provisions which allowed reduced rates for employers who met the requirements of such provisions, the average rates ranged from 0.9 to 2.7 percent of wages for employment. It is estimated that for the year 1942 the employer contribution rate will average 2.1 percent for the country as a whole. In Michigan the rate was 3.0 percent. The rates for employee collections were 1.0 percent in Alabama, California, Kentucky, and New Jersey, and 1.5 percent in Rhode Island.⁶ Sixteen States had flat contribution rates of 2.7 percent payable by employers only.

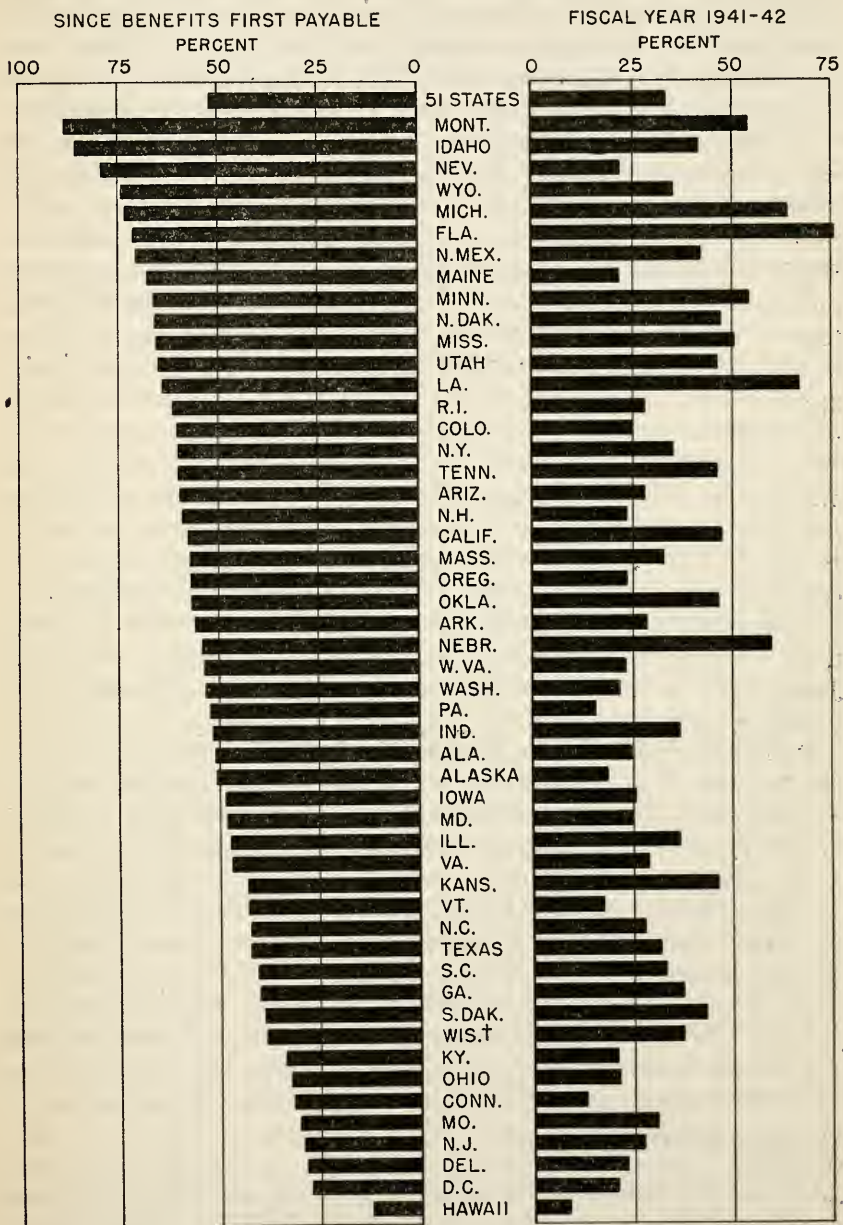
Ratio of benefits to collections.—For the United States as a whole, benefit payments in the fiscal year 1941-42 represented approximately 34 cents for each \$1 of current revenue. Among the States this ratio ranged from 76 cents in Florida to about 13 cents in Connecticut and 8 cents in Hawaii. Seven States expended 50 percent or more of their collections, and 18 spent no more than 25 percent. In the previous fiscal year, benefits represented 49 cents for each \$1 of current collections, with a range of 10 cents to \$1.07 in the ratios for individual States.

Administrative Expenditures

Under the terms of the Social Security Act, the Federal Government pays all necessary and proper costs of administering State unemployment compensation laws, and, until January 1, 1942, it matched, under the Wagner-Peyser Act, State funds for costs of operating the United States Employment Service. Administrative costs for State agencies for the fiscal year 1941-42 to maintain both functions of the employment security program were nearly \$74.8 million, \$6.1 million or nearly 9 percent more than for the previous year, reflecting the increased

⁶ Beginning with June 1, 1942, 1.0 percent of employee contributions in Rhode Island will be used to finance cash sickness benefits under a law enacted April 29, 1942.

Chart 1.—Unemployment compensation: Benefits paid as percent of collections, since benefits first payable and for fiscal year 1941-42, in each State ¹



¹ See also table 10. Date at which benefits first payable varied among States between January 1938 and July 1939, except for Wisconsin which began payments August 1936.

† Ratio since benefits first payable based on collections and benefits paid beginning January 1938, because data for earlier period not comparable with initial period of benefit payments in other States.

responsibilities and services of the USES.⁷ With the transfer of State employment services on January 1, 1942, to the Social Security Board for administration by the Federal Government, operations under the Wagner-Peyser Act were suspended, and Federal funds alone were used for employment security administration for the last 2 quarters of the fiscal year.⁸ State and local funds represented less than 5 percent of all administrative expenditures for the 12 months ended June 30, 1942; Federal grants under the Wagner-Peyser Act amounted to \$1.6 million; advances certified under the Social Security Act were nearly \$52.0 million; and \$17.6 million was expended from title III funds for Federal administration of the USES in the period January-June 1942.

The public employment services of the District of Columbia have always been administered and financed from Federal funds. Since July 21, 1941, at the request of the State agency, operations of the Arizona State employment service have been similarly under Federal management in accordance with authorization for the assumption of such authority in the Labor-Federal Security Appropriation Act, 1942 (Public, No. 146, 77th Cong.), which specified that "in case any State employment service is found unable to render adequate service in connection with the fulfillment of this program [selecting, testing, and placing defense workers], this appropriation shall be available . . . for maintenance of special employment facilities and services." Under newly enacted State legislation, the Arizona employment service could not be operated by the State agency under conditions required by the Wagner-Peyser Act.

Additional Federal costs of administration are incurred by the Social Security Board in maintaining its central and regional services for the Federal-State employment security program, and by the Treasury in collection of the Federal unemployment tax and in the management of State accounts in the unemployment trust fund. Such costs are not available separately but are merged with other administrative expenses of these two Federal agencies. Expansion of employment in the war emergency increased Federal collections under the Unemployment Tax Act from \$97.7 million in 1940-41 to \$119.9 million in 1941-42. Returns under this tax must be filed after the end of each calendar year and may be paid in four quarterly installments. The tax is based on taxable wages paid in the preceding calendar year.

Administrative Developments

The war emergency has entailed rapid and far-reaching adjustments of the employment security program—adjustments which have re-

⁷ Excludes State expenditures for postage; see table 5, footnote 7.

⁸ On September 17, 1942, the President, by Executive Order No. 9247, transferred to the War Manpower Commission the USES and all functions, duties, and powers of the Social Security Board relating to employment service.

quired correlation with nearly all other social and economic measures to achieve capacity production and to build the armed forces to war-time strength. Working first through State administrative agencies, the Social Security Board organized procedures to standardize and improve the Nation-wide collection of information on industrial and agricultural demand for labor, labor supply, and other factors related to recruitment, such as wages, transportation facilities, and living conditions; to analyze and distribute essential information from these and other sources; to assure maximum utilization of locally available workers through training programs and modification of restrictive hiring specifications; to control recruitment and placement in critical occupations and industries; to provide relief of unemployment resulting from labor displacement and use of displaced workers in strategic production; and to prevent futile migration of workers in search of jobs.

Employment service.—The outbreak of war necessitated unified Federal direction of these processes. On December 19, 1941, the President asked State Governors to transfer to the Social Security Board, as of January 1, 1942, the facilities, personnel, and records of State and local employment offices for uniform national operation, and on April 18, 1942, the War Manpower Commission was established by Executive Order No. 9139 to weigh needs for labor and to direct various Federal agencies with respect to the allocation of labor resources to essential services.⁹ The foundations for policies and directives of the War Manpower Commission had been largely developed in the fiscal year by the labor-market surveys, by experience gained from local, State, and regional operations under the employment security program, and by the studies and recommendations of the Federal Advisory Council for Employment Security.

Special techniques and services were instituted during the fiscal year to facilitate recruitment and placement of qualified workers. Employment offices for labor-market areas artificially divided by State lines were consolidated in Kansas City, Cincinnati, Louisville, and Bristol, Va. Interregional clearance procedures for placement of qualified workers were developed and improved. Special employment offices were established to recruit and place workers in airplane factories and shipbuilding plants, and mobile employment offices, operated in connection with mobile camps of the Farm Security Administration, followed migratory farm laborers from place to place on the eastern seaboard to expedite placement in areas of acute shortage. Preselected groups of qualified applicants were assembled at designated local employment offices for mass interview

⁹ See footnote 8.

with out-of-State employer representatives to provide assurance of definite jobs before workers left their home communities. Through efforts of the USES, many fourth-year students in high schools and colleges were placed before graduation, ensuring the immediate use of persons with special training in mechanics and engineering. Special recruiting efforts were made to supply technicians for the British Civilian Technical Corps, for work on new or enlarged air bases of the United States on the Atlantic and Pacific Coasts and on outlying islands, for radio service on American merchant vessels, and for merchant-marine training schools.

New sources of information on the occupational skills and experience of the American labor force were tapped to locate workers who could serve in a more direct capacity in furthering the war effort. The USES participated in the development of the occupational questionnaire which was filled out by substantially all the adult male population in registering under the Selective Training and Service Act. Under a cooperative agreement with the Selective Service System, local draft boards sent a duplicate copy of each questionnaire to the local employment office to be used as a basis for information necessary in recruiting workers with unused skills for placement in essential war industries. These questionnaires have been analyzed, to the extent permitted by available funds and qualified personnel, as a basis for orderly allocation of the Nation's manpower to the armed forces and to industrial and agricultural production, to the end that workers with skills in critically short occupations may serve where they are most needed.

In western States, as has been mentioned in part I of this report, the employment offices and employment service personnel played an important part in the voluntary and controlled evacuation of enemy aliens and American-born Japanese.

Unemployment insurance.—Responsibilities of the Social Security Board with respect to the operation of State unemployment compensation programs derive from the provisions of the Social Security Act. Federal grants for unemployment compensation administration and employer credits against the Federal unemployment tax require certification by the Board that the State law conforms to certain standards which safeguard the rights of workers and assure proper use of State unemployment funds and Federal administrative grants.

Proposed or actual changes in State laws and regulations are reviewed and standards developed with respect to methods of administration relating to the payment of benefits, benefit-appeals procedures, and the establishment and maintenance of personnel systems on a merit basis. Procedures are developed likewise for the

consideration of budgets for State administrative expenditures, prior to Board action on grants, and for accounting controls. State reports, State benefit decisions, and the reports of field representatives are analyzed in order that the Board may be advised when there is reason to believe that in the actual administration of a State law there may be a denial of benefits in a substantial number of cases to individuals entitled thereto or a failure to comply with any of the provisions required to be included in the State laws in order to meet the requirements of the Social Security Act. Compliance with provisions required to be included in State laws as a condition of certification for normal and additional tax credits under the Federal Unemployment Tax Act is similarly checked prior to Board action certifying States to the Secretary of the Treasury at the end of each tax year.

On December 31, 1941, the Board certified to the Secretary of the Treasury the laws of all 51 jurisdictions as meeting the requirements of the Social Security Act and the Federal Unemployment Tax Act which entitle employers to normal credits against the Federal tax. The laws of 17 States were further certified as satisfying the requirements for additional credits for reduced contribution rates based on experience rating.

Time and cost studies have been initiated as a basis for determining budgetary needs, for reducing administrative costs, and for promoting administrative efficiency. Current operations and administrative procedures for charging benefits to employer accounts have been analyzed to ascertain the extent to which they meet the requirements for approval of modified contribution rates under experience-rating provisions of the State and Federal laws. Levels and duration of benefits for partial and total unemployment have been observed to evaluate the effectiveness of the program in achieving the purpose for which it was designed and to form a basis for recommendations for improvement. The effects of coverage, eligibility, and disqualification provisions as revealed in administrative determinations and court decisions have been studied to determine their consistency with Federal standards, such as the labor-protection standards of the Federal Unemployment Tax Act, as well as their more general policy implications. Developments in unemployment insurance and retirement programs for railroad workers, State workmen's compensation laws, and other social insurance and related programs in this country and abroad have been followed to ascertain the interrelationships of unemployment compensation, disability insurance, and retirement programs from the standpoint of gaps or duplication in protection and effectiveness of meeting risks.

A reciprocal agreement was signed on April 12 between the Dominion of Canada and the United States Government providing for participation of Canada in the interstate benefit-payment plan. A step in the direction of increasing social insurance protection was the enactment of a law in Rhode Island to provide cash benefits to insured workers in periods of unemployment due to disability resulting from sickness or nonoccupational injury. Unemployment compensation laws have been amended in 42 States, also, to preserve the benefit rights of workers who enter the armed forces. Amendments to the New York, Rhode Island, and Michigan unemployment compensation laws provided for increases in amount and duration of benefits. In Michigan, the increases are to be effective only until May 31, 1943. Amendments to the New York law, to become effective November 30, 1942, will permit benefits for certain types of partially unemployed workers under a plan which makes a day, rather than a week, of unemployment the basis for payments.

Separation of Placement and Insurance Functions

Upon the transfer of State employment services to the Social Security Board, individuals in State employment service positions who had been appointed under State merit systems were appointed to positions in the Federal classified civil service. This action had been authorized by Executive Order No. 8990, dated December 23, 1941, and later amended by Executive Order No. 9008, dated January 2, 1942. Plans for such appointments, as of January 1, 1942, were facilitated by arrangements with the United States Civil Service Commission. These individuals have leave and retirement rights under the Federal civil-service system; however, legislation was needed to permit them to carry over to the Federal service credit for leave and retirement rights acquired as State employees. The payment of salaries to such individuals while taking Federal leave on the basis of unused State leave is now authorized under a provision of the Labor-Federal Security Appropriation Act, 1943 (Public No. 647, approved July 2, 1942).

Registrations for work and claims for benefits are taken at local employment offices. Accordingly, upon the transfer of the employment services, arrangements were made for the local offices to continue to render services to the State agencies in connection with claims taking. Administrative difficulties have been encountered when it has been necessary to separate personnel and functions concerned with employment service activities from those related to unemployment compensation, such as claims taking and investigation of availability for work. These difficulties were augmented by the provision of the Labor-Federal Security Appropriation Act, 1943, which requires that

United States Employment Service salaries which are paid from the appropriation therein made be fixed in relation to State, rather than Federal, salary levels. Another provision prohibits the use of the Federal appropriation to pay the salary of any USES employee who is engaged, as determined by the State director of unemployment compensation, for more than half of the time in administering the State unemployment compensation law, including such functions as claims taking. In the past, sound administrative practice dictated close correlation of insurance and placement services in State and local offices with flexibility in personnel functions which would permit shifts to the type of service which is most in demand—placement in times of labor stringency and benefit payments in times of job stringency. The present need for uniform, centralized, Federal direction of manpower suggests a similar need for Federal unification of unemployment insurance when the emphasis shifts—as shift it must, at least temporarily—to efforts to meet the needs of unemployed workers when the economy is reconverted to peacetime production.

Old-Age and Survivors Insurance

Use of the administrative personnel and facilities of the old-age and survivors insurance program to provide emergency benefits under the temporary civilian war relief system has been described in earlier pages, which also outlined other major impacts of the war on the scope and effectiveness of future operations of this Federal insurance program under the Social Security Act. The main developments in 1941-42 were the large increase in covered employment and taxable wages and the less-than-anticipated rise in number of beneficiaries, attributable to the industrial activity and labor stringency which characterized the year. Both developments may be sharply reversed with the readjustment of the economy to post-war conditions.

Covered employment and taxable wages.—The continued expansion in war industries raised the number of workers in covered employment, the amount of their taxable wages, and their average wage to new high levels in the calendar year 1941. It is estimated that annual taxable wages averaged \$1,007 in 1941, 7.7 percent more than in the previous year. Higher wage rates, more prevalent full-time employment, and overtime pay accounted for this increase in the average for all covered workers, despite the fact that many workers included in the total had taxable earnings for only a part of the year, i. e., entered covered employment after the beginning of the year or left covered employment for public service, civilian or military, during the year. Approximately 41.6 million workers, 18.2 percent more than in 1940, earned old-age and survivors insurance wage credits in 1941,

while their total taxable wages mounted 27.4 percent from 1940 to \$41.9 billion. The accelerated tempo of industrial production in 1941 is reflected in the fact that the percentage gain in both workers and taxable wages in 1941 from the previous calendar year was more than double the gain in 1940 from 1939.

According to estimates, between two-thirds and three-fourths of all persons in the labor force in 1941 worked at some time during that year in employment covered by the old-age and survivors insurance program, and more than two-thirds of all wage and salary payments in 1941 were taxed under old-age and survivors insurance. New workers who acquired wage credits under the program came from the ranks of the unemployed, from noncovered employment, and from the home and school. The first 2 quarters of 1942 continued the upward movement in covered employment and taxable wages. For April-June 1942, it is estimated that 36.8 million workers earned \$13.2 billion in taxable wages, an increase of 5.4 percent and 28.2 percent, respectively, from the second quarter of 1941. The number of employers reporting taxable wages under the program increased continuously throughout 1940 and 1941; more than 2.2 million reported in the last quarter of 1941.

The response to greater employment opportunities is indicated by the receipt in 1941 of the largest volume of applications for employee account numbers since 1937, the first full year of registration. The 6.7 million new account numbers issued in 1941 raised the cumulative total of individual accounts established to more than 60 million by the end of the year. On January 1, 1942, living account-number holders constituted 54.5 percent of all persons in the population aged 14 years and over, and by June 30, 1942, the estimated 59.4 million accounts of living persons represented 57.1 percent of the population in this age group. The labor reserves of women and young people were drawn upon to a larger extent in 1941 than previously and still represent the largest potential labor source. Women filed a larger proportion of applications—45 percent—than in any other year, and in the last quarter of the year outnumbered the men applicants for the first time. Applicants under 20 years of age represented 47.5 percent of the total number in 1941 compared with 40.9 percent in 1940. In the first 2 quarters of 1942, women and young people continued to form a larger proportion of all applicants for account numbers than in comparable quarters of previous years. In June 1942, the weekly average of 200,808 new accounts established exceeded any other weekly average after 1936.

Not all account-number holders have acquired wage credits under the program, for some unemployed persons and others in domestic service, public employment, or other types of excluded gainful work

have applied for and received numbers in anticipation of the receipt of such wage credits. Similarly, not all persons with wage credits acquire full protection under the system. Men and women who have left covered employment to join the armed forces or their auxiliaries, to enter other excluded services, or to withdraw from the labor market temporarily or permanently, may or may not have met the requirements for fully or currently insured status at the time of leaving the covered labor force, and the maintenance or acquisition of such status will depend upon the length of time which elapses before their return. Since attainment of insured status is dependent, too, on the number of quarters in which wage credits were obtained and the amount of taxable wages received in each such quarter, many others among those with 1941 wage credits had had too brief or tenuous coverage under the program to qualify for benefits at the close of that year. Of the workers in the United States with wage credits in 1937-41 who attained age 65 in 1941, an estimated 66 percent had insured status. The proportion varied from 44 percent in Mississippi to 74 percent in Connecticut. The rates were lowest in the agricultural States, since agricultural workers shift frequently to and from covered employment and many therefore do not have sufficient continuity or amount of earnings in covered employment to fulfill the requirements for insured status.

Benefits and Beneficiaries

There are several indexes of the extent to which covered workers and their families have benefited from the protection of the old-age and survivors insurance program. Board reports indicate periodically the number and amount of benefits in force, indicating gradually mounting benefit rolls. Payments certified during the year measure the amounts paid out to beneficiaries in current-payment status or to recipients of lump-sum payments and include retroactive payments, while data on awards show the types, number, and amounts of benefits which have been allowed during a period for current or future payment.

Benefits in force.—As of the close of the fiscal year 1941-42, monthly benefits under the old-age and survivors insurance program were in force for nearly 596,000 beneficiaries, an increase of 60.0 percent over the 372,000 at the end of June 1941. The monthly amount of benefits in force was \$10.8 million in June 1942 as compared with \$6.8 million a year earlier, an increase of 58.9 percent. These figures include benefits in deferred and conditional-payment status as well as those paid currently. In June 1942, nearly 530,000 persons received \$9.6 million currently in monthly benefit payments; these figures were, respectively, 57.6 and 56.8 percent higher than in the previous June. In June

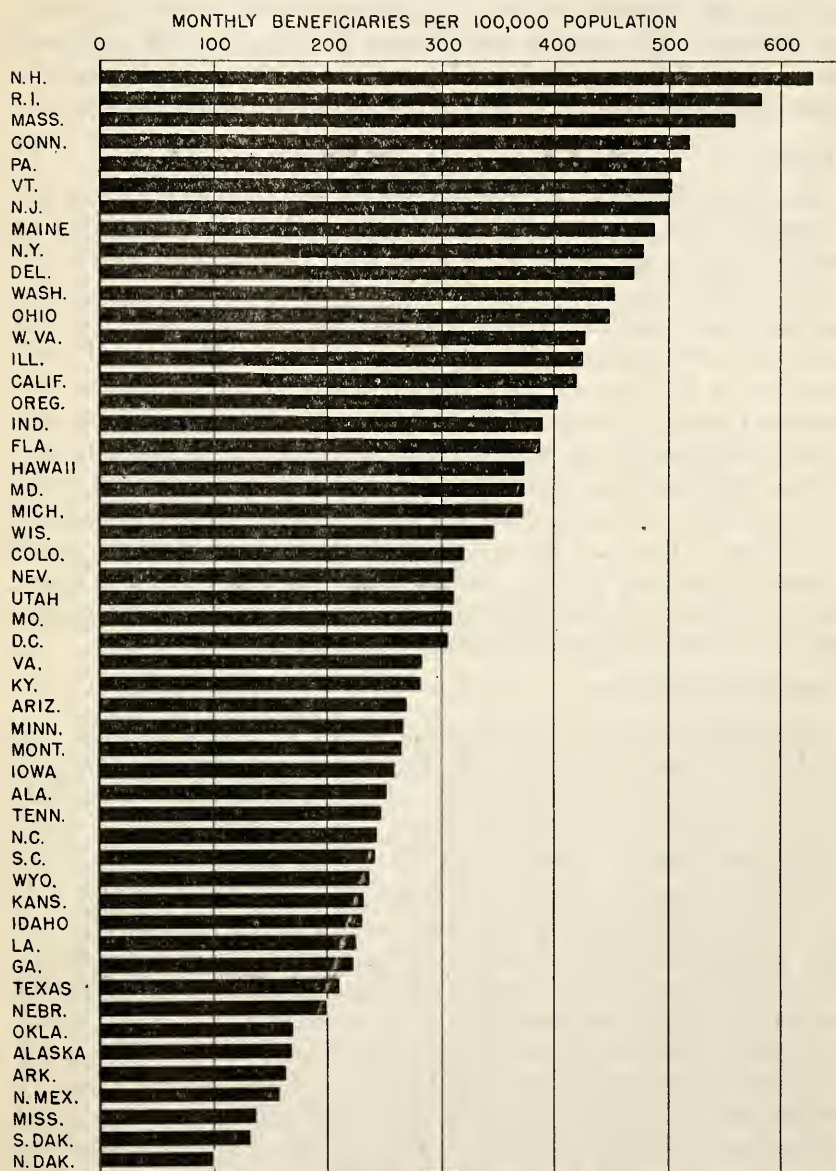
1942, the average primary benefit in current-payment status for retired workers aged 65 or over was \$22.87; benefits to the aged wife of a primary beneficiary averaged \$12.19. For the other types of benefits, the June averages were: benefits to a child, \$12.21; to a widow aged 65 years or over, \$20.17; to a widow with a young child or children of the deceased insured worker in her care, \$19.53; and to a dependent parent aged 65 or over, \$12.99.

No count can be made of the large group of persons aged 65 and over who have remained at work instead of applying for the retirement benefits for which they are eligible; this number is estimated at some 540,000 as of the end of the fiscal year. Among the individuals already on the benefit rolls, the effect of the war can be seen in the number who are not receiving current payments because of work in covered employment; benefits are not payable for any month in which the beneficiary, or the person with respect to whose wages benefits are payable, renders services for wages of \$15 or more in such employment. As of June 30, 1942, payments were suspended for 29,000 primary beneficiaries who had returned to covered jobs; in addition, 6,000 wife's benefits, 72 widow's benefits, 6,121 widow's current benefits, 6,436 child's benefits, and 7 parent's benefits were in suspension status because of the employment of the beneficiary or the primary beneficiary on whose wage record the benefits were based.

Payments certified.—Payments certified during the fiscal year amounted to \$116.5 million, 66.0 percent more than in 1940-41. Half this sum represented primary benefits, and 9.0 percent constituted benefits to aged wives and young children of retired workers. Nearly three-tenths of the amount was certified for survivor benefits, most of which went to widows with young children. The remainder of 12.2 percent represented lump-sum payments certified on behalf of deceased insured workers who died after December 31, 1939, and left no survivor entitled to monthly benefits for the month in which the death occurred, and death payments on behalf of 2,589 workers who died before January 1, 1940, when provisions for monthly survivor benefits became effective.

Benefits awarded.—In the calendar year 1941, awards of initial entitlement were made to 29,700 widows with one or more children at an average monthly amount of \$40.57 per family; these beneficiaries represented 18.2 percent of all family units receiving awards and 26.0 percent of the monthly amounts awarded. Benefit awards to persons aged 65 and over accounted for 60.6 percent of the beneficiaries and 68.5 percent of the monthly benefit amounts awarded. Children under 18 represented 28.1 percent of the beneficiaries and 19.2 percent of the benefits awarded. Child's benefits were about evenly divided between girls and boys. Three-fourths of the parent's benefits were

Chart 2.—*Old-age and survivors insurance: Persons on monthly benefit rolls, December 31, 1941, per 100,000 population, in each State*¹



¹ See also table 9. Represents all persons on monthly benefit rolls, regardless of payment status of benefits. Total population as of Apr. 1, 1940 (Alaska as of Oct. 1, 1939).

awarded to aged mothers. Nonwhite beneficiaries accounted for only 6.2 percent of those whose monthly benefits were awarded in 1941, and these beneficiaries received only 4.3 percent of the monthly benefits awarded. The number and amount of awards exceed new payments certified during the year because the former include, and the latter exclude, payments in deferred or conditional-payment status.

Appeals

The Social Security Act provides for appeals by claimants who are dissatisfied with the Board's determination of their wage credits or benefits. At the beginning of the fiscal year, 150 cases had been heard on which decisions had not yet been rendered, and 155 requests for hearings were pending before referees; 945 appeals were received during the 12-month period ended June 30, 1942. Of the total, final decisions on 885 appeals were handed down by the referees or the Appeals Council; decision was pending on 183 cases which had been heard; 99 appeals were still pending for hearings before referees; 80 were dismissed, the majority at the request of the claimant; and 3 were denied for failure to meet the requirements entitling appellants to hearings. Previous Bureau determinations were changed in 45 percent of the cases decided, usually because new evidence was introduced. The issues involved in the majority of cases related to family relationship, wages, and employment relationship.

Financing the Program

Contributions under the Federal Insurance Contributions Act amounted to \$895.6 million in the fiscal year and were appropriated directly to the old-age and survivors insurance trust fund. These collections exceeded contributions appropriated for the previous fiscal year by 30.2 percent. Interest of \$71.0 million from investments held by the trust fund increased receipts for the fiscal year to \$966.6 million. Amounts paid out of the fund totaled \$137.0 million. Of this sum, monthly benefit and lump-sum payments accounted for \$110.3 million; these payments increased continuously throughout the period and totaled 71.4 percent more than in the preceding fiscal year. About \$26.8 million was reimbursed to the general fund of the Treasury for expenditures incurred by the Social Security Board and the Treasury Department in administering the act. This expenditure was about 0.3 percent less than in 1940-41. Total assets of the fund rose 34.6 percent from June 30, 1941, to \$3,227 million on June 30, 1942, and on the latter date consisted of \$3,202 million in Treasury notes and bonds, \$20.4 million in cash with the disbursing officer, and \$5.2 million to the credit of the fund account.

For the first time since the fund was established, investments were made in February and May of 1942 in publicly offered Treasury bonds

bearing 2½-percent interest and maturing in 1962 or later. Until February 1942, only special Treasury notes issued exclusively to the fund and with approximately 5-year maturity had been held. Throughout 1941-42, 3-percent special Treasury notes were redeemed to finance current disbursements. In the first 3 quarters of this year, the regular quarterly investment of new funds was made in notes with 2¾-percent interest, and in the last quarter in notes with 2¼-percent interest. The decline in the interest rate on special obligations issued to the fund was the result of the decline in the average rate of interest on the public debt, which determines the rate at any time on special obligations issued. In addition, the amount held in 3-percent old-age reserve account notes maturing on June 30, 1942, was reinvested in 2¼-percent special trust fund notes.

Administrative Developments

Continuing services.—Progress was made during the year in analyzing and improving employee performance and speeding and simplifying operations. The cost of establishing each new wage account was reduced to 7 cents, while the annual cost of processing all wage records averaged 17 cents per wage record.

The regulations pertaining to the old-age and survivors insurance program were amended in several important respects. Services performed by an employee of a partnership composed entirely of persons related to him within the degree designated in the family-employment provision of the act are now excluded. A court order of support which has been suspended but has not expired or been vacated is now deemed to satisfy the requirement that a wife or widow must have been "living with" the wage earner to qualify for wife's or widow's benefits. The regulations were amended to permit a claimant widow to qualify if she is the mother of an insured wage earner's child or was married to the wage earner a year before his death, without requiring also that she meet the added requirements of "wife" as defined elsewhere in the law. If a beneficiary dies before applicable penalty deductions are made from his benefit, recovery is no longer attempted from his estate, nor are the penalty deductions to be applied against benefits payable to other beneficiaries whose claims are based on the same wage earner's wage record. The difficulty experienced by some claimants in obtaining certified copies of various types of records of age, death, and marriage from the custodians of the records was obviated by authorizing certain employees of the Board to make excerpts from the records themselves at the source. An official notice that a birth record has been established is now accepted in lieu of the record itself. The regulation was further amended so that if preferred proof of age was not readily obtainable, secondary proof could be furnished. It is no longer required

that the beneficiary be informed of his rights to reconsideration and hearing in cases in which the termination of his benefits is based on facts which he has reported.

The Board also adopted a number of other policies which did not require amendment of the regulations. Current widow's benefits are now paid in certain types of cases in which the widow and child are separated (1) because of the widow's employment, (2) because the widow or child is physically ill, or (3) because the child is away at school and cannot return for a vacation period on account of the war-accelerated school program or on account of transportation difficulties. The Board gave blanket authority to certain classes of employees to administer oaths on application forms, obviating the necessity of giving such authority separately to various individual employees. "Currently insured quarters" are now allowed in each year, to the extent that wages of \$50 or more are received, also for quarters after that in which the \$3,000 maximum in taxable wages is reached. The following types of wage payments were further clarified: "constructive" payment, traveling expenses, sick and disability pay, National Labor Relations Board awards, and the value of "perquisites" which go with certain types of employment in Hawaii. The coverage of employees of certain State-chartered banks was further clarified. Evidence standards for proving marital relationships, with particular reference to State laws on recognition of divorce, were established. Considerable progress was made in obtaining the aid of local social agencies in determining the proper person to receive benefits on behalf of children and incompetent adults in cases requiring social determinations. A survey of cases involving payment of monthly benefits to guardians on behalf of 7,418 minor children and incompetent adults established the soundness of the policy in regard to the selection of such payees. Especially important was the provision for greater cooperation with State agencies by permitting interchange of information among field offices and local employment and public assistance offices and the release to authorized officials of data on awards and disallowances under the old-age and survivors insurance program when such information is necessary for the proper administration of State programs.

As part of its broader responsibilities, the Board continued its studies of methods of extending coverage to excluded groups, voluntary continuation of coverage, the adequacy of benefits, administrative and other advantages of unified wage records for the old-age and survivors insurance and unemployment compensation programs, and similar questions. Of special interest is the development, for administrative analysis, of a continuous sample of wage records to enable the Board to trace the work history of individuals, their wage

credits at successive ages, the permanence or irregularity of their service in covered employment, and the relation of sex, race, occupational, and other factors to the adequacy of the provisions for survivors and for retirement.

A coordination committee, on which are representatives from the Treasury Department, held conferences during the year to eliminate conflicting points of view and to harmonize rulings on tax and benefit questions arising under the old-age and survivors insurance program and also affecting the operations of the insurance programs for railroad workers and State unemployment compensations laws. The Social Security Board and the Treasury Department have issued rulings to the effect that feeder corporations which operate for profit and which pay their entire net income to a nonprofit organization, exempt from the act, no longer be granted employment-tax immunity. This reversal of position will probably bring many workers under the act. The Board ruled, in conformity with previous rulings of the Bureau of Internal Revenue and Railroad Retirement Board, that carrier and noncarrier activities of stockyard companies be segregated, if feasible, for social insurance purposes. Coverage of many railroad subsidiaries, such as bus, boat, and lumber companies, under the Social Security Act rather than the Railroad Retirement Act is indicated by a decision of the United States Circuit Court of Appeals for the Fifth Circuit,¹⁰ which affirmed a decision of a lower court. It was held that a steamship company owned by a carrier but organized as a common carrier by water did not perform any service in connection with transporting passengers or property of the railroad and hence was not subject to the Carriers Taxing Act.

Emergency services.—The Federal system has provided a mechanism for administering emergency benefits under the civilian war relief system, described earlier, to meet the immediate needs of wives, widows, children, and dependent parents, in the United States, of civilians who were killed, disabled, missing, or detained as a result of enemy action outside the continental United States.

Many persons who have entered the armed services and are already in combat areas have wage credits under the old-age and survivors insurance program which would entitle their survivors to benefits in the event of their death. Arrangements have been made whereby the Army, Navy, Marine Corps, and Coast Guard transmit notices of death to the Board in order that prompt service may be given to relatives who may be eligible for survivor benefits or lump-sum payments under the Social Security Act. Sinkings of merchant vessels during the year produced a sharply increasing number of "missing seamen" cases, with the attendant need for a working arrangement with the Coast Guard

¹⁰ *Allen v. Ocean Steamship Co. of Savannah*, 123 F. (2d) 469 (C. C. A. 5th, 1941).

to supply the Board with casualty lists, and for the Board to evolve sound criteria for presuming the death of such seamen. Arrangements with the Coast Guard were completed, and the formulation of presumptive standards was undertaken before the end of the fiscal year.

Because of unavoidable delays in communication between Hawaii and the continent, benefits for persons residing in the Territory are certified 30 days in advance of the date at which they are payable. Tentative arrangements have also been made, in collaboration with the Treasury Department, to transfer payment records to a control office in Hawaii to prevent delay in payments should contact with the mainland be interrupted.

Intensive study of procedures for decentralizing most operations of the old-age and survivors insurance program has made it possible to adjust administrative processes to shortages in housing, transportation, and office space in Washington. Responsibilities for verifying wage records and adjudicating claims were transferred, first to selected test offices and later to all field offices. Beginning in June 1942, offices of the Bureau of Old-Age and Survivors Insurance were moved out of Washington. Headquarters are established in Baltimore, where wage records have been maintained since the beginning of operations. Area offices for review of claims developed and adjudicated by field offices, control of claims, and certification of payment had been opened in Philadelphia and New York by July 1, 1942; opening of similar offices was scheduled for August 1 in Chicago, and for September 1 in San Francisco and New Orleans. These area offices will function as relatively self-sufficient units under the general supervision of the central office in Baltimore, which prescribes uniform policies and procedures.

Public Assistance

In the fiscal year 1941-42, payments under the special types of public assistance constituted 39.9 percent of all public aid in the continental United States, the largest proportion since the establishment of the social security program. As in the previous fiscal year, sharp declines in payments characterized all other assistance programs and the Federal work programs included in the series reported by the Social Security Board. Total expenditures for public aid fell 28.2 percent from \$188 million in June 1941 to \$135 million in June 1942. Similarly, the number of different households and persons receiving assistance and/or Federal work program earnings declined. According to estimates, about 3.7 million households containing 8.8 million persons were aided by these programs in June 1942, a decrease of 22 and 29 percent, respectively, from the previous June.

By June 30, 1942, 142 plans for public assistance approved by the Social Security Board were in operation in the continental United

States, Alaska, and Hawaii, of which 51 were for old-age assistance, 47 for aid to dependent children, and 44 for aid to the blind. These figures include the new plans approved in the second half of 1941 for aid to dependent children in Texas, Illinois, and Connecticut, and for aid to the blind in Texas.¹¹

For the fiscal year 1941-42, payments from Federal, State, and local funds to the needy aged, the needy blind, and dependent children amounted to \$738 million in States with plans approved under the Social Security Act, 12.2 percent more than the amount for the previous fiscal year. Of this total, old-age assistance accounted for \$568 million; aid to dependent children, \$155 million; and aid to the blind, \$14.9 million. These amounts were, respectively, 12.6, 9.4, and 8.4 percent greater than in 1940-41.

Old-age assistance.—Federal-State payments to the needy aged have been in operation for some 4 years in all jurisdictions. As of June 1942, there were nearly 2.3 million recipients of old-age assistance under approved State plans, as compared with approximately 2.2 million a year earlier. The rate of net increase in number of recipients averaged about 10,400 a month for the fiscal year 1939-40, 16,700 a month in 1940-41, and 6,900 a month in 1941-42. In June 1942 there were approximately 240 recipients of old-age assistance per 1,000 of the population aged 65 and over; a year earlier the ratio was 237 per 1,000, and in June 1940, 218 per 1,000.

The extent to which increased family incomes, reflected in the rise in wages and other income payments to individuals, have reduced the number of needy aged persons in the country as a whole cannot be measured directly, since States vary widely in their definitions of need, in the relative amounts made available for assistance, and in the practice of distributing available funds among all or part of the applicants who have been approved for assistance. For the country as a whole, however, it would appear that increases in employment and wages have stemmed to some extent the volume of dependency among older persons. The number of applications for old-age assistance received by State agencies declined in successive quarters from 146,600 in July-September 1941 to 127,100 in October-December, 112,400 in January-March 1942, and 102,300 in April-June 1942. These quarterly figures, moreover, ranged from 2.6 to 38.3 percent below the number of applications received in corresponding quarters of the preceding year. During the fiscal year 1941-42, 383,802 cases of old-age assistance were opened, and 306,791 cases were closed because of the death of the recipient, improvement in his private resources, or for other reason. As compared with the previous year,

¹¹ A Kentucky plan for aid to the blind was approved on July 14, 1942.

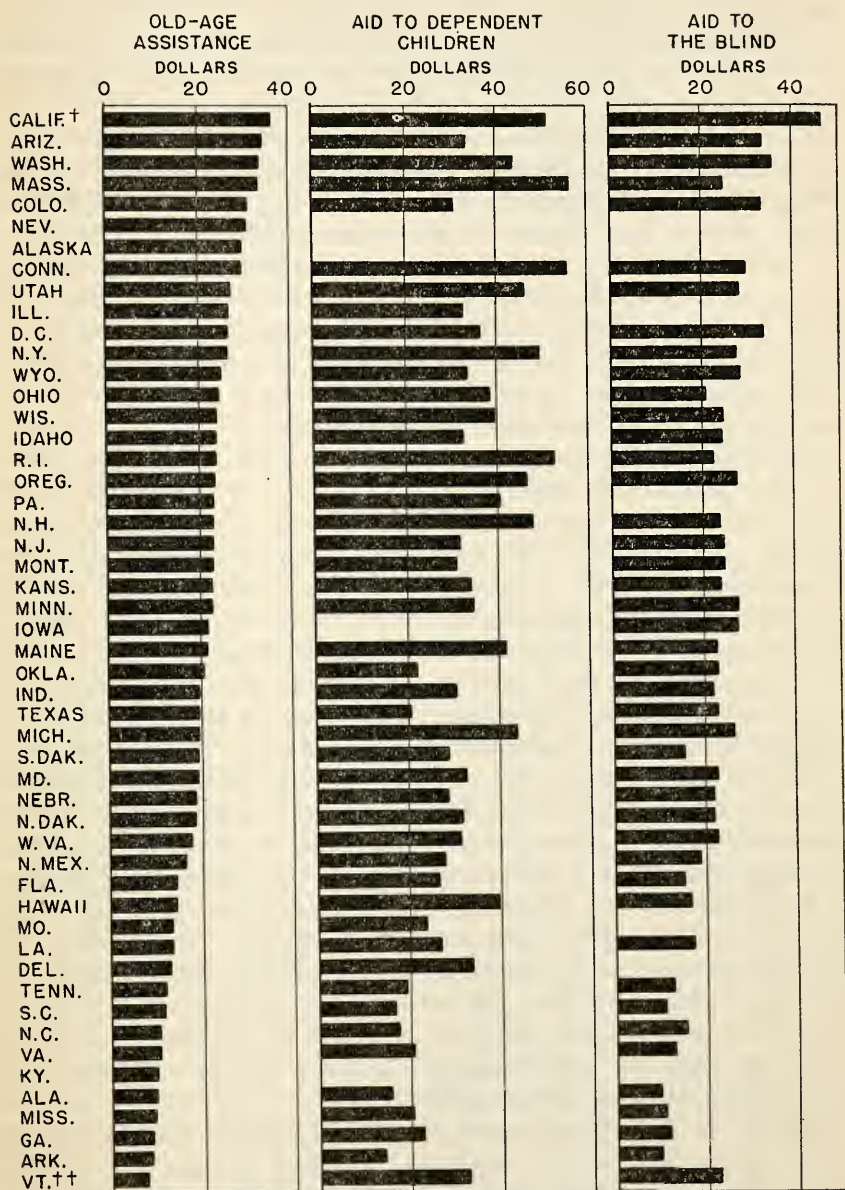
there was a decrease of 19 percent in the number of recipients added to the rolls and an increase of 9 percent in the number removed.

Since a large majority of old-age assistance recipients are 70 years of age or over, relatively few can have participated directly in the upswing in employment and wages in the fiscal year. Improvement in the financial circumstances of their sons and daughters or other relatives from whom they received partial support would be reflected, primarily, in the increase in number of cases closed and in the decline in number of new applications for assistance. Wide differences were shown among States in the net increase or decline of assistance rolls. In Georgia, Maine, Texas, and West Virginia, increases in the number of recipients in June 1942 over June 1941 ranged from 21.8 to 27.9 percent; in 27 other States, the increases were from 0.1 to 18.9 percent; decreases in the remaining 19 States ranged from less than 1.0 percent in 6, from 1.1 to 4.8 percent in 9, and from 6.0 to 7.8 percent in 4 (Pennsylvania, Hawaii, Delaware, and Maryland). Administrative factors, such as the extent to which States had previously developed programs which approached equilibrium, the availability of funds, and adjustments of standards of need in light of increased price levels, would seem to have governed the changes. Increases in costs of living create additional hardship among those who live at subsistence levels, for it is virtually impossible to reduce consumption to cut the costs of food, clothing, and shelter. Moreover, new groups of dependents may appear among aged persons who had formerly been able to make ends meet from fixed private resources which cannot be augmented to accord with higher costs of living.

Payments to recipients of old-age assistance averaged \$21.83 for June 1942, 3.6 percent more than for the same month of the year preceding. Here again, a national total obscures the wide differences among States, while even a State average conceals ranges among counties and municipalities, and among individual recipients in all jurisdictions. In June 1942, for example, the average for individual States ranged from \$7.09 in Vermont—where shortage of funds temporarily reduced the average from the \$17.62 level in May—and \$8.30 in Arkansas to \$36.47 in California. While 27 States had averages of \$20 or more, in 15 the average was less than \$15.

From the standpoint of individuals, the assistance payment may represent either the whole income of the recipient or a supplement to meager private resources such as the ownership of a house, small income from gainful work, or partial support from relatives. The distribution of payments by amount suggests the extent to which States take account of needs in relation to the resources of recipients or tend to approach flat payments by concentrating payments at maximum or other amounts. Striking differences are apparent

Chart 3.—Public assistance: Average payment per recipient under State plans approved by the Social Security Board, June 1942¹



¹ See also table 11. Data for aid to dependent children represent average per family.

† Includes aid to dependent children and aid to the blind programs administered under State law without Federal participation.

†† Shortage of funds at end of fiscal year resulted in low average old-age assistance payment for June. Average payment in May 1942 was \$17.62.

among States. Distributions of assistance payments in November 1941 indicate that some States have concentrated almost all old-age assistance payments at very low levels, \$15 or less, others have a large concentration at the State or Federal maximum, while in still others payments were distributed fairly evenly over the entire range of dollar amounts.

Aid to dependent children.—At the close of the fiscal year, all but four jurisdictions (Alaska, Iowa, Kentucky, and Nevada) were sharing in Federal grants for aid to dependent children under the Social Security Act. In June 1942, 943,080 children in 392,182 families received \$13.3 million in assistance payments from Federal, State, and local funds in States with approved plans. The increase of 2.9 percent in number of children, 3.3 percent in number of families, and 5.9 percent in amount of payments, as compared with June 1941, resulted largely from the addition during the year of approved plans for Connecticut, Illinois, and Texas.

Before submitting their plans to the Board for approval and before requesting Federal funds, both Illinois and Connecticut had been administering plans for aid to dependent children without Federal participation. In June 1941, Illinois made payments amounting to \$172,535 to 16,526 children in 7,409 families, and it is estimated that Connecticut made payments of \$55,172 to 2,908 children in 1,269 families. By June 1942, Federal participation in these programs had more than quadrupled the amount of payments and more than tripled the number of recipients in Illinois. In Connecticut, the amount of payments had increased by 74.0 percent; the number of children, by 52.0 percent; and the number of families aided, by 35.9 percent. The Texas program, under which initial Federal-State payments were made for October 1941, had formerly been administered on a voluntary county basis; with the availability of Federal funds, the number of children aided had increased from 169 in September 1941 to 31,607 in June 1942, and amounts of monthly payments had risen from \$640 to \$310,584. The Mississippi program, which more than doubled in coverage and amount of payments between June 1941 and June 1942, had been approved on February 28, 1941, but administrative factors prevented expansion of case loads until the fiscal year 1941-42.

For the 43 Federal-State programs which had been in operation for longer periods, only 14 registered increases in payments and in families or children receiving aid, while 28 showed declines of 0.1 to 26.8 percent in number of families aided and 20 showed decreases in amount of payments. The average net increases of 1,048 families and 2,191 children a month under all Federal-State programs com-

bined resulted entirely from expansion of new programs, for declines more than offset increases in other States.

The total number of applications received during the year in all participating States did not show the decline in each quarter of the year noted for old-age assistance. If programs of Connecticut, Illinois, and Texas are omitted, however, the decrease in number of families requesting aid and in number of applications approved for assistance gives similar evidence of diminishing dependency even among families with young children who, by definition, have lost the support of one or both parents. Whether, in the long run, the needs of such children are better served by the gainful employment of a widowed mother, for example, depends upon many factors.

Changes in the recipient rolls from the end of the preceding fiscal year cannot be quantitatively related to increased employment and wages but have nevertheless been affected by these factors. The District of Columbia, Florida, Maine, New Hampshire, New Mexico, South Dakota, Vermont, and West Virginia reported increases ranging from 15 to 35 percent in the number of families aided, while decreases of 10 percent or more occurred in Arizona, California, Delaware, Hawaii, Indiana, Maryland, New Jersey, New York, Pennsylvania, Utah, and Wisconsin. In June 1942, children aided under the Federal-State program for aid to dependent children represented 23.3 per 1,000 children in the total United States population under 18 years of age; a year earlier, the rate was 22.7 per 1,000.

The average payment per family under approved plans for aid to dependent children was \$34.01 in June 1942, less than \$1 above that for June 1941. In 23 States, increases of \$1 or more were recorded; in 19 States, changes were negligible; and in 2, declines of \$1 or more were shown. The average payment per family in June 1942 was highest in Massachusetts (\$56.12) and lowest in Arkansas (\$14.32); intervening States were distributed as follows: 11 States with \$40 or more, 19 States with \$30.00–39.99, 11 States with \$20.00–29.99; and 4 with less than \$20. Within these averages, of course, are wide differences in the amounts of individual payments. The distribution of payments by amount in November 1941 shows tendencies to concentrate at or below the maximum Federal matching level in all but a few States. Notable exceptions are the States with no State maximums, among which from 0.1 to 15 percent of the payments were for \$80 or more.

The decline in general relief was even more striking than that for aid to dependent children. Among the 48 jurisdictions in the continental United States reporting comparable data, only Arkansas, Nevada, and South Carolina showed increases in the number of general

assistance cases; decreases in other States ranged from 4.1 percent in Alabama to 60.7 percent in Pennsylvania. Since many States had cared for some families under this State-local relief program despite the fact that a number of such families were eligible for aid to dependent children, it is probable that some State increases in the number of families receiving aid to dependent children resulted from transfers from general assistance.

Aid to the blind.—The addition of a Federal-State program for the blind in Texas accounted for most of the 9.2-percent increase from 49,817 recipients of aid to the blind in June 1941 to 54,378 in June 1942. The net increase in the number of recipients in the fiscal year 1941-42 averaged 380 per month, compared with 190 in 1940-41 and 247 in 1939-40. The ratio of persons receiving this type of assistance rose from 48 per 100,000 population in the United States in June 1940 to 49 in June 1941 and 51 in June 1942.

The States varied widely in the net change in number of recipients during the fiscal year. Of the 41 States which had approved plans and as many as 100 recipients in June of both years, increases in 24 States from June 1941 to June 1942 varied from 0.2 percent in Oregon to 29.0 percent in Georgia, while decreases in 17 States ranged from 0.5 percent in Indiana to 38.4 percent in North Dakota. The greater opportunity for blind persons to obtain training and jobs probably accounts partially for the declines in some States, and in other States for the smaller rates of increase. An additional factor may be the larger amount of assistance such persons have received from relatives.

The average payment in June 1942 was \$24.37, 3.0 percent more than in June 1941. Payments among the States ranged from \$9.63 in Arkansas to \$46.87 in California; for 32 States, the average was between \$15 and \$30. As in the two other Federal-State programs for public assistance, there is a pronounced tendency for States to concentrate payments at or below the maximum for Federal sharing. In only 1 State were 25 percent or more of the payments in November 1941 above \$40; in 11 States, 80 percent or more of the payments were less than \$20.

Financing the Programs

In the fiscal year 1941-42, \$786.5 million was expended from Federal, State, and local funds for special types of public assistance under approved Federal-State plans, including the costs of administering the programs. This sum, which was \$83.9 million or 11.9 percent more than the amount spent in the preceding 12-month period, was distributed as follows: 76.6 percent for old-age assistance, 21.3 percent for aid to dependent children, and 2.1 percent for aid to the blind.

The increase over the previous year was greater for old-age assistance than for either of the other two programs, despite the fact that three States initiated approved plans for aid to dependent children during the fiscal year 1941-42 and one State a plan for aid to the blind.

Administrative expenses for the three programs totaled \$48.6 million, of which Federal funds represented \$21.0 million or 43.2 percent. The Federal Government paid 40.8 percent of administrative costs for old-age assistance, 48.8 percent for aid to dependent children, and 48.3 percent for aid to the blind, in States with plans approved by the Social Security Board. Under the provisions of the Social Security Act, the Federal Government pays half the amounts expended by States and localities for administrative costs of the programs for aid to dependent children and aid to the blind. Under the old-age assistance program, however, the amount granted for assistance payments is increased by 5 percent, the addendum to be used for assistance and/or administration. As a result, Federal funds represent less than one-fifth of administrative costs for old-age assistance in some States and more than four-fifths in others.

The Federal share of assistance payments also varies among the programs. The Federal Government bore 49.7 percent of the expenditures for old-age assistance in the fiscal year 1941-42; of expenditures under approved State plans, the Federal share represented 47.7 percent for aid to the blind and only 40.5 percent for aid to dependent children. The State shares for these three programs were 41.4, 41.5, and 35.4 percent, respectively, and the residual 8.9, 18.0, and 16.9 percents were borne by local governments.

The preceding discussion of financial responsibility for meeting assistance needs omits data for State programs administered without Federal participation. Of the total \$969.3 million expended in the continental United States in the fiscal year 1941-42 for all payments to recipients of the special types of public assistance and general relief, 36.4 percent came from Federal funds, 43.4 percent from State funds, and 20.2 percent from local funds. Federal funds for assistance were distributed as follows: 80.2 percent for old-age assistance, 17.8 percent for aid to dependent children, and 2.0 percent for aid to the blind. State assistance funds were also concentrated on old-age assistance (55.9 percent), with 15.3 percent for aid to dependent children, 3.0 percent for aid to the blind, and 25.8 percent for general relief. By far the largest share of local funds went for general relief (56.6 percent), with 26.0 percent expended for old-age assistance, 15.4 percent for aid to dependent children, and 2.0 percent for aid to the blind.

Under approved plans, the share of Federal funds is determined by the State's allocation of its available funds to one type of public assist-

ance as contrasted with another. The limitation of Federal participation to special types of assistance makes it wholly a State or local responsibility to provide for needs among disabled persons, among families with unemployed members, and among needy persons who fail to meet age, residence, or other requirements imposed by Federal and State laws for special types of public assistance. Another important reason for disparity in the distribution of Federal funds among the various types of assistance programs derives from the relatively low Federal matching maximum for aid to dependent children and the large volume of State payments exceeding this maximum. Because pressures for efforts to relieve the plight of the aged have tended to preempt State funds for that program, matching Federal grants have been larger for old-age assistance than for the two other special types of assistance. Moreover, variations in fiscal resources of the States and in their allocations of available funds to be matched by the Federal Government have resulted in the fact that 53 percent of these Federal funds certified in 1941-42 were made available to 10 of the most highly industrialized States, most of which were in upper brackets of per capita income. These States contained 48 percent of the total 1940 population of the continental United States and Territories.

Federal grants certified for public assistance payments and administration in the fiscal year amounted to \$374.7 million; grants to individual States represented a range from 58 cents per inhabitant in Alabama to \$9.03 in Colorado. Of these grants, which were \$44.7 million or 13.6 percent above those for the preceding year, \$297.4 million or 79.4 percent was for old-age assistance; \$69.4 million or 18.5 percent, for aid to dependent children; and \$7.9 million or 2.1 percent, for aid to the blind. The fact that three (Illinois, Missouri, and Pennsylvania) of the four largest programs for aid to the blind are administered by States without Federal participation under the Social Security Act is an additional factor to account for the small proportion of Federal funds used for that program.

Administrative Developments

Continuing activities.—The Board continued throughout the fiscal year to provide consultation services to the States concerning assistance and administrative problems, many of which arose out of the war emergency. Responsibilities for Federal aspects of public assistance entail not only approval of an original State plan and subsequent modifications as meeting the requirements of the act but also periodic review of the plan's administration and continuing certification of grants for its operation.

The approval of new plans for aid to dependent children in Connecticut, Illinois, and Texas, and for aid to the blind in Texas, brought to 44 the number of States with all three special types of public assistance in operation on a Federal-State basis at the end of the fiscal year. Texas plans for aid to dependent children and aid to the blind were approved on September 26, 1941; the Illinois plan for aid to dependent children was approved on October 28, 1941, and the Connecticut plan on December 24, 1941.

The administrative review of public assistance agencies, initiated in October 1940, included all States by the end of the fiscal year. To aid the States in their reports and analyses of administrative costs of public assistance and to standardize the basis for Federal sharing in such costs, the Board has prepared, in collaboration with the American Public Welfare Association, a detailed classification of administrative functions. Studies of indexes of State financial capacity continued during the year, with special reference to methods of adjusting Federal grants to relative economic needs.

Services in the war emergency.—Shortly after war was declared, the Board, pending the formal establishment of a Federal program for civilian war relief, established the broadest policy possible under existing authority with respect to sharing administrative costs of State public assistance agencies in rendering services under these temporary assistance programs. As a result of the war, also, the Board's traditional policy on the confidential nature of State public assistance records was broadened, and State agencies were advised that selected information from such records could be released to authorized governmental agencies for recognized war-related purposes. Earlier in the year the Board had suggested to the States that they were in a position to protect public assistance information against use for general law enforcement, since the Department of Justice had accepted this policy regarding the use of such information from Board records. The Board recommended, furthermore, that in extending services to the selective service boards, public assistance agencies release information obtained from old-age and survivors insurance records on the same basis as information from other sources.

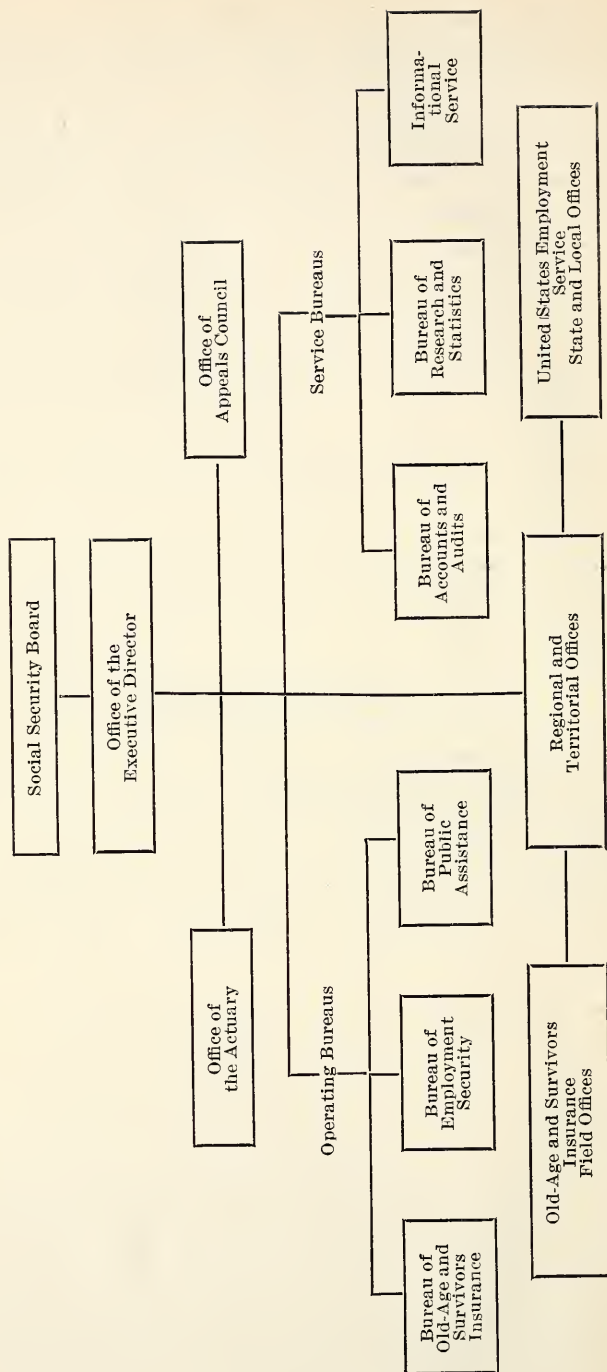
The emergency assistance to civilians financed from funds allocated to the Federal Security Administrator from the President's emergency fund has been described earlier. Representatives of the Social Security Board in central and regional offices have worked in close cooperation with State public assistance agencies and with other governmental and quasi-governmental welfare organizations to reduce the economic hardships which have resulted from civilian deaths and injuries in the islands of the Pacific and from the evacuation of individuals and fam-

ilies from shores under threat of enemy attack, from restricted military areas, and from foreign countries. Special studies have been made to determine the volume and geographic distribution of war-connected welfare problems as a basis for future planning. An inter-agency draft manual on evacuation and relocation of civilians was prepared. Conferences were held with the Office of Defense Health and Welfare Services on problems relating to cooperation of public assistance agencies with selective service boards and on the proper channels for communicating with men in the armed forces to establish continued absence from home of a parent in military service.

Labor stringency, particularly in agricultural areas, gave rise to the need to clarify for the States the Board's position with regard to employment of public assistance recipients. In a letter to State agencies, the Board called attention to the fact that sound methods of determining the need of applicants and recipients did not preclude payments to persons who receive small incomes from employment and that persons who earned an amount insufficient for self-support might still be found in need of assistance. In determining need, the Board pointed out, recognition should be given to the additional requirements for clothing, food, and transportation among employed persons, as contrasted with those who are outside the labor force. Earnings of assistance recipients might well require supplementation in view of the added costs of gainful work. State agencies were assured that they might encourage such recipients to seek employment with the knowledge that their temporary earnings would be considered as part of their available resources against which their current needs would be measured, and that, although their assistance might temporarily be reduced or suspended, there would be no delay in the restoration of the appropriate levels of payments if such earnings diminished or ceased.

APPENDIX

Bureaus and Offices of the Social Security Board, as of July 1, 1942



Regional and Territorial Offices of the Social Security Board, as of October 1, 1942

Region

- I. Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont. Regional director: John F. Hardy, Social Security Board, 120 Boylston Street, Boston, Mass.
- II. New York. Regional director: Peter Kasius, Social Security Board, 11 West 42d Street, New York, N. Y.
- III. Delaware, New Jersey, Pennsylvania. Regional director: William L. Dill, Social Security Board, Juniper and Chestnut Streets, Philadelphia, Pa.
- IV. District of Columbia, Maryland, North Carolina, Virginia, West Virginia. Regional director: Lavinia Engle, Social Security Board, Arlington Building, 1025 Vermont Avenue, Washington, D. C.
- V. Kentucky, Michigan, Ohio. Regional director: Mary E. Woods, Social Security Board, Euclid Avenue and East Ninth Street, Cleveland, Ohio.
- VI. Illinois, Indiana, Wisconsin. Regional director: Henry L. McCarthy, Social Security Board, Bankers Building, 105 West Adams Street, Chicago, Ill.
- VII. Alabama, Florida, Georgia, Mississippi, South Carolina, Tennessee. Regional director: Richard H. Lyle, Social Security Board, 441 West Peachtree Street, Atlanta, Ga.

Region

- VIII. Iowa, Minnesota, Nebraska, North Dakota, South Dakota. Regional director: Fred M. Wilcox, Social Security Board, Midland Bank Building, Fourth Street and Second Avenue, Minneapolis, Minn.
- IX. Arkansas, Kansas, Missouri, Oklahoma. Regional director: John E. Wrenn, Social Security Board, 1006 Grand Avenue, Kansas City, Mo.
- X. Louisiana, New Mexico, Texas. Regional director: James B. Marley, Social Security Board, North Presa and East Houston Streets, San Antonio, Tex.
- XI. Arizona, Colorado, Idaho, Montana, Utah, Wyoming. Regional director: Heber R. Harper, Social Security Board, 728 17th Street, Denver, Colo.
- XII. California, Nevada, Oregon, Washington. Regional director: Richard M. Neustadt, Social Security Board, 785 Market Street, San Francisco, Calif.
- Alaska. Territorial director: Hugh J. Wade, Social Security Board, Territorial Building, Juneau, Alaska
- Hawaii. Territorial director: Robert W. Beasley, Social Security Board, 425 Dillingham Building, Honolulu, T. H.

Area Offices of the Social Security Board

<i>Location</i>	<i>Date of opening</i>
New York: 155 West 44th Street, New York.....	July 1, 1942
Pennsylvania: 121 Broad Street, Philadelphia.....	June 1, 1942
Illinois: 188 West Randolph Street, Chicago.....	August 1, 1942
Louisiana: 829 Saint Charles Street, New Orleans.....	September 1, 1942
California: 22 Battery Street, San Francisco.....	September 1, 1942

*Field Offices of the Social Security Board, by Region and State,
as of June 30, 1942*

REGION I

Connecticut: Bridgeport, Hartford, Meriden, New Britain, New Haven, New London, Stamford, Torrington, Waterbury, Willimantic.

Maine: Augusta, Bangor, Lewiston, Portland.

Massachusetts: Attleboro, Boston (2), Brockton, Cambridge, Chelsea, Fall River, Fitchburg, Haverhill, Holyoke, Lawrence, Lowell, Lynn, Malden, New Bedford, Pittsfield, Quincy, Salem, Springfield, Waltham, Worcester.

New Hampshire: Concord, Littleton, Manchester, Nashua, Portsmouth.

Rhode Island: Newport, Pawtucket, Providence, Woonsocket.

Vermont: Burlington, Montpelier, Rutland.

REGION II

New York: Albany, Auburn, Binghamton, Buffalo, Elmira, Glens Falls, Gloversville, Ithaca, Jamestown, Kingston, Newburgh, New Rochelle, New York City (Manhattan, 4;¹ Bronx, 2; Brooklyn, 2; Jamaica; Long Island City; Staten Island), Niagara Falls, Ogdensburg, Oswego, Plattsburg, Poughkeepsie, Rochester, Schenectady, Syracuse, Troy, Utica, Waretown, Yonkers.

REGION III

Delaware: Wilmington.

New Jersey: Atlantic City, Bayonne, Bridgeton, Camden, Elizabeth, Jersey City, Newark, Passaic, Paterson, Perth Amboy, Trenton.

Pennsylvania: Allentown, Altoona, Ambbridge, Chester, Du Bois, Easton, Erie, Greensburg, Harrisburg, Hazleton, Johnstown, Lancaster, McKeesport, New Castle, New Kensington, Norristown, Oil City, Philadelphia County (Philadelphia; Germantown; Kensington), Pittsburgh, Pottsville, Reading, Scranton, Sharon, Turtle Creek, Uniontown, Wilkes-Barre, Williamsport, York.

REGION IV

District of Columbia: Washington.

Maryland: Annapolis, Baltimore, Cumberland, Hagerstown, Salisbury.

North Carolina: Asheville, Charlotte, Durham, Fayetteville, Gastonia, Goldsboro, Greensboro, Hickory, High Point, Raleigh, Rocky Mount, Salisbury, Wilmington, Winston-Salem.

Virginia: Alexandria, Bristol, Danville, Lynchburg, Newport News, Norfolk, Petersburg, Richmond, Roanoke, Staunton.

West Virginia: Beckley, Bluefield, Charleston, Clarksburg, Huntington, Logan, Martinsburg, Morgantown, Parkersburg, Wheeling.

REGION V

Kentucky: Ashland, Bowling Green, Corbin,² Covington, Frankfort, Hazard, Lexington, Louisville, Owensboro, Paducah.

Michigan: Battle Creek, Bay City, Detroit and Wayne County (Detroit, 2; Dearborn; Highland Park), Escanaba, Flint, Grand Rapids, Jackson, Kalamazoo, Lansing, Marquette, Muskegon, Pontiac, Saginaw, Traverse City.

Ohio: Akron, Ashtabula, Canton, Cincinnati, Cleveland, Columbus, Dayton, Hamilton, Lima, Lorain, Mansfield, Marion, Nelsonville, Portsmouth, Springfield, Toledo, Warren, Youngstown, Zanesville.

REGION VI

Illinois: Aurora, Bloomington, Campaign, Chicago and Cook County (Chicago, 5; Cicero; Evanston; Harvey; Oak Park), Danville, Decatur, East Saint Louis, Galesburg, Harrisburg, Joliet, Mount Vernon, Peoria, Quincy, Rockford, Rock Island, Springfield, Waukegan.

Indiana: Anderson, Bloomington, Elkhart, Evansville, Fort Wayne, Gary, Hammond, Indianapolis, Kokomo, La Fayette, Muncie, New Albany, Richmond, South Bend, Terre Haute.

¹ One opened during fiscal year 1941-42.

² Opened during fiscal year 1941-42.

Wisconsin: Eau Claire, Fond du Lac, Green Bay, Janesville, La Crosse, Madison, Milwaukee, Oshkosh, Racine, Sheboygan, Superior, Wausau.

REGION VII

Alabama: Anniston, Birmingham, Decatur, Dothan, Gadsden, Mobile, Montgomery, Tuscaloosa.

Florida: Gainesville, Jacksonville, Miami, Orlando, Pensacola, Saint Petersburg, Tallahassee, Tampa, West Palm Beach.

Georgia: Albany, Athens, Atlanta, Augusta, Columbus, La Grange, Macon, Rome, Savannah, Valdosta, Waycross. Mississippi: Columbus, Greenwood, Gulfport, Hattiesburg, Jackson, Meridian, Tupelo, Vicksburg.

South Carolina: Anderson, Charleston, Columbia, Florence, Greenville, Greenwood, Rock Hill, Spartanburg.

Tennessee: Chattanooga, Columbia, Dyersburg, Jackson, Johnson City, Knoxville, Memphis, Nashville.

REGION VIII

Iowa: Cedar Rapids, Davenport, Des Moines, Dubuque, Fort Dodge, Ottumwa, Sioux City, Waterloo.

Minnesota: Albert Lea, Bemidji, Duluth, Minneapolis, Redwood Falls, Saint Cloud, Saint Paul, Winona.

Nebraska: Alliance, Grand Island, Lincoln, North Platte, Omaha.

North Dakota: Bismarck, Fargo, Grand Forks, Minot.

South Dakota: Aberdeen, Huron, Rapid City, Sioux Falls.

REGION IX

Arkansas: El Dorado, Fort Smith, Harrison, Hot Springs, Jonesboro, Little Rock, Pine Bluff, Texarkana.

Kansas: Atchison, Dodge City, Goodland, Hutchinson, Independence, Kansas City, Pittsburg, Salina, Topeka, Wichita.

Missouri: Cape Girardeau, Clayton, Hannibal, Jefferson City, Joplin, Kan-

sas City, Poplar Bluff, Saint Joseph, Saint Louis (2), Sedalia, Springfield. Oklahoma: Antlers, Ardmore, Clinton, Enid, Lawton, Muskogee, Oklahoma City, Ponca City, Shawnee, Tulsa.

REGION X

Louisiana: Alexandria, Baton Rouge, Lake Charles, Monroe, New Orleans, Shreveport.

New Mexico: Albuquerque, Roswell, Santa Fe.

Texas: Abilene, Amarillo, Austin, Beaumont, Big Spring, Brownsville, Corpus Christi, Dallas, El Paso, Fort Worth, Galveston, Houston, Laredo, Lubbock, Lufkin, Paris, San Angelo, San Antonio, Tyler, Waco, Wichita Falls.

REGION XI

Arizona: Flagstaff, Globe, Phoenix, Prescott, Tucson.

Colorado: Alamosa, Colorado Springs, Denver, Grand Junction, Greeley, Pueblo, Trinidad.

Idaho: Boise, Pocatello, Twin Falls.

Montana: Billings, Butte, Great Falls, Havre, Helena, Miles City.

Utah: Ogden, Richfield, Salt Lake City.

Wyoming: Casper, Cheyenne, Rock Springs, Sheridan.

REGION XII

California: Bakersfield, Eureka, Fresno, Los Angeles County (Glendale; Hollywood; Huntington Park; Long Beach; Los Angeles; Pasadena), Oakland, Redding, Sacramento, San Bernardino, San Diego, San Francisco, San Jose, San Mateo, Santa Barbara, Santa Rosa, Stockton.

Idaho: Lewiston.

Nevada: Las Vegas, Reno.

Oregon: Eugene, Klamath Falls, La Grande, Portland, Salem.

Washington: Aberdeen, Bellingham, Olympia, Seattle, Spokane, Tacoma, Yakima.

Territorial: Juneau, Alaska; Honolulu, T. H.

*Branch Offices of the Social Security Board, by Region and State,
as of June 30, 1942*

REGION I	REGION XI
Massachusetts: Dorchester.	Colorado: Boulder.
REGION II	Montana: Missoula.
Virginia: Pulaski.	Utah: Provo.
REGION V	REGION XII
Kentucky: Harlan.	California: Santa Monica.
REGION VI	TERRITORIAL
Indiana: East Chicago.	Hawaii: Hilo.
Wisconsin: Kenosha.	

*Number of Stations of the Social Security Board With Itinerant
Service, by Region and State, as of June 30, 1942*

Total	Number	REGION VII—Continued.	Number
	1,802	Mississippi	40
REGION I	141	South Carolina	26
Connecticut	27	Tennessee	61
Maine	29	REGION VIII	79
Massachusetts	44	Iowa	35
New Hampshire	12	Minnesota	16
Rhode Island	2	Nebraska	22
Vermont	27	North Dakota	1
REGION II	104	South Dakota	5
New York	104	REGION IX	178
REGION III	103	Arkansas	40
Delaware	2	Kansas	49
New Jersey	22	Missouri	41
Pennsylvania	79	Oklahoma	48
REGION IV	198	REGION X	159
District of Columbia	3	Louisiana	21
Maryland	24	New Mexico	9
North Carolina	83	Texas	129
Virginia	56	REGION XI	70
West Virginia	32	Arizona	21
REGION V	195	Colorado	23
Kentucky	47	Idaho	9
Michigan	62	Montana	5
Ohio	86	Utah	7
REGION VI	201	Wyoming	5
Illinois	70	REGION XII	79
Indiana	70	California	62
Wisconsin	61	Oregon	8
REGION VII	269	Washington	9
Alabama	45	TERRITORIAL	26
Florida	43	Hawaii	26
Georgia	54		

Table 1.—*Personnel of the Social Security Board, by departmental and field service, as of June 30, 1936-42*

Office and bureau	Total	Departmental	Field
Total, June 30:			
1936.....	736	634	102
1937.....	5,748	3,313	2,435
1938.....	9,612	5,202	4,410
1939.....	9,661	5,557	4,104
1940.....	12,164	7,286	4,878
1941.....	12,682	8,066	4,616
1942.....	13,297	8,247	5,050
1942			
Office of the Board.....	18	17	1
Office of the Actuary.....	18	18	—
Office of Appeals Council.....	34	13	21
Office of the Executive Director.....	754	742	12
Regional offices.....	520	—	520
Bureau of Employment Security ¹	1,385	1,047	338
Bureau of Old-Age and Survivors Insurance.....	9,752	5,848	3,904
Bureau of Public Assistance.....	301	209	92
Bureau of Research and Statistics.....	120	92	28
Bureau of Accounts and Audits.....	334	217	117
Informational Service.....	61	44	17

¹ Includes employees in the District of Columbia employment office but excludes 22,391 permanent and temporary employees in the U. S. Employment Service offices in the States.

Table 2.—*Administrative expenditures of the Social Security Board, fiscal year 1941-42*¹

Administrative expenditures, total.....	\$28,198,184	
General expenses.....	² 3,949,475	
Stationery and office supplies.....	\$519,721	
Printed forms.....	255,985	
Printing and binding (other than printed forms).....	552,384	
Furniture and equipment.....	424,108	
Storage and care of vehicles.....	440	
Rental of office space.....	677,648	
Rental of equipment.....	956,428	
Heat, light, power, and water.....	55,775	
Repairs and alterations.....	27,032	
Telegraph.....	24,756	
Telephone.....	269,230	
Other communication services.....	31,815	
Freight and express charges.....	61,657	
Advertising and publication of notices.....	256	
Special and miscellaneous current expenses.....	92,240	
Salaries and travel.....	24,248,709	
	<i>Salaries</i>	<i>Travel</i>
Total.....	\$22,707,354	\$1,541,355
Office of the Board.....	67,535	1,926
Office of the Actuary.....	60,132	928
Office of Appeals Council.....	108,560	20,589
Office of the Executive Director.....	1,080,866	50,522
Regional Offices.....	793,424	20,453
Bureau of Employment Security.....	2,779,158	486,344
Bureau of Old-Age and Survivors Insurance.....	³ 15,838,323	712,256
Bureau of Public Assistance.....	876,423	111,872
Bureau of Research and Statistics.....	253,353	5,229
Bureau of Accounts and Audits.....	651,164	106,941
Informational Service.....	198,416	24,205

¹ Represents expenditures of the Social Security Board from both regular and defense appropriations and thus differs from expenditures in table 7 which exclude expenditures from defense appropriations.

² Excludes operating and maintenance expenses (guard, elevator, and cleaning services), and rental of office space in District of Columbia. Beginning July 1941, these expenditures were assumed by the Public Buildings Administration.

³ Includes salaries of Administrative Personnel Division of Bureau of Old-Age and Survivors Insurance, which was transferred from the Office of the Administrator to the Social Security Board, effective Apr. 1, 1942.

Table 3.—*Old-age and survivors insurance trust fund and unemployment trust fund: Financial operations, by fiscal years 1936-37—1941-42, and by month, fiscal year 1941-42*

[In millions ¹]

Period	Old-age and survivors insurance trust fund				Unemployment trust fund ⁴			
	Receipts		Expenditures		Receipts		Expenditures	
	Appropriations ²	Interest	Benefit payments ³	Administrative expenses	Balance, end of period	State accounts	Railroad account ⁵	Total
Cumulative through June 1942—	\$3, 289	\$214	\$210	\$66	\$3, 227	7 \$4, 908	\$398	\$2, 024
Fiscal year:								
1936-37—	265	2	(⁶)	—	267	294	—	312
1937-38—	500	15	5	—	777	763	—	884
1938-39—	390	27	14	—	1, 180	838	—	1, 281
1939-40—	450	42	16	—	1, 745	897	—	1, 725
1940-41—	688	56	64	12	2, 398	938	46	2, 284
1941-42—	856	71	110	27	3, 227	1, 158	86	3, 150
1941—								
July—	45	(⁶)	7	2	2, 433	78	4	2, 337
August—	160	(⁶)	8	2	2, 582	176	1	2, 488
September—	3	(⁶)	2	2	2, 575	24	16	2, 488
October—	46	(⁶)	8	2	2, 611	74	(⁷)	2, 541
November—	168	(⁶)	8	2	2, 769	191	1	2, 713
December—	4	(⁶)	9	2	2, 762	41	20	2, 744
1942—								
January—	39	(⁶)	9	2	2, 789	75	(⁶)	2, 775
February—	181	(⁶)	10	2	2, 959	202	1	2, 940
March—	3	(⁶)	9	2	2, 950	9	45	2, 923
April—	39	(⁶)	10	2	2, 977	43	(⁶)	2, 928
May—	204	(⁶)	11	2	3, 168	219	33	3, 115
June—	4	(⁶)	11	2	3, 227	42	22	3, 150
July—								
August—								
September—								
October—								
November—								
December—								
1943—								
January—								
February—								
March—								
April—								
May—								
June—								

¹ Totals represent sums of unrounded figures; therefore may differ slightly from sums of rounded figures.

² Beginning July 1940, trust fund appropriations equal taxes collected under the Federal Insurance Contributions Act.

³ Based on checks cashed and returned to the Treasury.

⁴ See table 4, footnote 1. Data based on checks cashed; differ slightly from those of table 6 which are compiled at a different stage in accounting process.

⁵ Represents separate book account for railroad unemployment insurance account, in which are held moneys deposited by the Railroad Retirement Board, transfers

from State accounts, and transfers from railroad unemployment insurance administration fund.

⁶ Includes amounts transferred in 1939-40 and 1940-41 to railroad unemployment insurance account.

⁷ Includes operations for 1935-36 not shown separately in this table.

⁸ Less than \$500,000.

Source: Compiled from data in the Daily Statement of the U. S. Treasury.

Table 4.—*Unemployment trust fund:*¹ *Deposits, interest, and withdrawals, by State, fiscal year 1941-42*[In thousands ²]

Account	Balance, June 30, 1941	Deposits	Interest	With- drawals for benefit payments	Balance, June 30, 1942
Total.....	\$2, 278, 573	\$1, 175, 878	\$67, 518	\$377, 948	\$3, 144, 021
State accounts, total.....	2, 091, 318	1, 095, 694	62, 086	368, 198	2, 880, 900
Alabama.....	21, 347	12, 332	641	3, 040	31, 280
Alaska.....	1, 225	1, 165	42	230	2, 202
Arizona.....	3, 830	2, 812	121	779	5, 984
Arkansas.....	6, 928	4, 947	212	1, 355	10, 733
California.....	165, 948	102, 679	4, 978	47, 100	226, 505
Colorado.....	10, 906	5, 245	326	1, 293	15, 184
Connecticut.....	53, 582	23, 953	1, 605	3, 025	76, 116
Delaware.....	7, 932	2, 554	228	565	10, 149
District of Columbia.....	21, 583	7, 558	611	1, 545	28, 207
Florida.....	14, 319	8, 325	369	6, 350	16, 664
Georgia.....	25, 348	12, 805	769	4, 200	34, 723
Hawaii.....	7, 650	2, 173	216	185	9, 854
Idaho.....	2, 492	2, 444	84	985	4, 035
Illinois.....	212, 603	89, 963	6, 097	33, 400	275, 263
Indiana.....	53, 994	28, 675	1, 629	10, 600	73, 698
Iowa.....	18, 851	9, 283	561	2, 375	26, 320
Kansas.....	15, 563	5, 076	423	2, 420	18, 642
Kentucky.....	34, 272	13, 399	994	2, 770	45, 895
Louisiana.....	19, 338	10, 927	523	7, 475	29, 313
Maine.....	5, 301	6, 095	193	1, 335	10, 254
Maryland.....	26, 386	19, 535	855	4, 950	41, 825
Massachusetts.....	90, 045	45, 210	2, 686	14, 400	123, 541
Michigan.....	96, 559	67, 253	2, 942	43, 700	123, 053
Minnesota.....	24, 179	11, 973	686	6, 485	30, 353
Mississippi.....	4, 741	4, 023	145	2, 075	6, 834
Missouri.....	67, 274	26, 130	1, 928	7, 950	87, 382
Montana.....	4, 839	3, 086	142	1, 635	6, 432
Nebraska.....	9, 529	2, 010	251	1, 200	10, 590
Nevada.....	1, 035	1, 400	37	435	2, 037
New Hampshire.....	6, 843	4, 052	210	880	10, 225
New Jersey.....	153, 480	71, 926	4, 455	19, 700	210, 161
New Mexico.....	2, 678	1, 635	82	715	3, 680
New York.....	236, 579	162, 133	7, 225	56, 828	349, 109
North Carolina.....	30, 175	13, 116	850	3, 900	40, 241
North Dakota.....	2, 005	908	59	428	2, 544
Ohio.....	188, 743	70, 320	5, 550	14, 816	249, 797
Oklahoma.....	18, 560	6, 760	522	3, 220	22, 622
Oregon.....	11, 993	9, 723	405	2, 307	19, 814
Pennsylvania.....	162, 031	111, 045	5, 175	17, 000	261, 251
Rhode Island.....	15, 605	15, 292	544	4, 350	27, 091
South Carolina.....	13, 750	6, 568	400	2, 225	18, 493
South Dakota.....	3, 367	680	90	292	3, 846
Tennessee.....	16, 737	12, 720	508	5, 945	24, 020
Texas.....	59, 658	16, 833	1, 638	5, 400	72, 728
Utah.....	4, 768	3, 501	143	1, 635	6, 777
Vermont.....	3, 696	1, 876	113	350	5, 235
Virginia.....	22, 950	10, 026	660	2, 860	30, 776
Washington.....	24, 611	17, 890	792	3, 900	39, 393
West Virginia.....	21, 945	11, 449	659	2, 325	31, 727
Wisconsin.....	61, 353	12, 883	1, 646	4, 800	71, 882
Wyoming.....	2, 188	1, 330	67	465	3, 120
Railroad unemployment insurance ac- count.....	187, 258	80, 182	5, 431	9, 750	263, 121

¹ Trust fund maintains separate account for each State agency, in which are held all moneys deposited from State unemployment funds and from which State agencies withdraw amounts as required for benefit payments. Railroad unemployment insurance benefits are certified by the Railroad Retirement Board and made by the Secretary of the Treasury directly from the railroad account in the trust fund.

² Totals represent sums of unrounded figures; therefore may differ slightly from sums of rounded figures.

Source: Compiled from data furnished by the U. S. Treasury Department, Office of the Commissioner of Accounts and Deposits.

Table 5.—*Advances certified¹ by the Social Security Board to the Secretary of the Treasury for Federal grants to States for public assistance² and for administration of unemployment compensation laws and State employment services,³ fiscal year 1941-42*

[In thousands; ⁴ data corrected to June 30, 1942]

State	Total	Public assistance ²			Employment security ³			
		Old-age assistance	Aid to dependent children	Aid to the blind	Under Social Security Act			Under Wagner-Peyser Act, July-December 1941
					Total	Unemployment compensation and employment services	Employment services administered by the Social Security Board, January-June 1942	
Fiscal year:								
1935-36	\$26,374	\$21,421	\$2,805	\$1,126	\$1,022	\$1,022		(³)
1936-37	155,190	127,634	13,901	4,580	9,075	9,075		(³)
1937-38	251,877	179,200	25,237	5,184	42,256	42,256		(³)
1938-39	302,542	208,051	30,497	5,236	55,758	55,758		(³)
1939-40	345,038	231,079	46,113	6,228	58,340	58,340		\$3,278
1940-41	395,606	259,875	62,992	7,073	62,462	62,462		\$ 3,204
1941-42	445,895	297,357	69,381	7,947	69,645	751,997	\$17,648	1,566
Alabama	2,447	1,080	517	40	778	532	246	32
Alaska	366	282	(⁸)	(⁸)	79	63	16	6
Arizona	2,912	1,992	504	85	332	178	154	(⁹)
Arkansas	2,754	1,352	578	79	723	486	237	228
California	46,862	36,384	3,429	1,749	5,222	4,076	1,146	78
Colorado	10,627	8,767	1,236	136	475	319	156	13
Connecticut	4,772	3,182	215	34	1,318	1,016	302	23
Delaware	531	184	121	(⁸)	220	182	38	6
District of Columbia	1,447	571	264	49	562	313	249	(¹⁰)
Florida	5,200	3,426	712	262	778	592	186	22
Georgia	4,973	3,160	617	139	1,019	776	243	38
Hawaii	552	155	242	8	139	117	22	8
Idaho	2,356	1,403	608	40	298	230	68	6
Illinois	31,342	23,591	2,879	(⁸)	4,780	3,570	1,210	92
Indiana	13,241	8,170	2,767	350	1,915	1,385	530	40
Iowa	8,387	7,426	(⁸)	257	675	489	186	30
Kansas	6,193	4,168	1,245	209	541	351	190	30
Kentucky	4,226	3,338	(⁸)	(⁸)	855	628	227	32
Louisiana	6,792	3,110	2,662	151	843	622	221	27
Maine	2,978	1,933	373	163	438	332	106	10
Maryland	4,109	1,948	1,213	91	837	649	188	21
Massachusetts	22,671	16,453	2,832	174	3,162	2,434	728	49
Michigan	18,604	10,636	3,922	224	3,760	2,724	1,036	61
Minnesota	12,196	8,750	1,862	188	1,365	1,039	326	32
Mississippi	2,475	1,549	304	81	516	353	163	25
Missouri	13,871	9,431	2,172	(⁸)	2,222	1,592	630	45
Montana	2,605	1,734	502	52	311	234	77	6
Nebraska	4,972	3,344	1,084	98	431	299	132	15
Nevada	628	437	(⁸)	(⁸)	186	152	34	4
New Hampshire	1,563	1,005	160	50	340	249	91	8
New Jersey	9,354	4,134	1,882	120	3,165	2,503	662	53
New Mexico	1,112	499	381	31	195	145	50	6
New York	34,542	19,315	5,698	538	8,839	6,987	1,852	152
North Carolina	5,078	2,522	1,142	225	1,147	828	319	42
North Dakota	1,922	1,125	539	21	229	164	65	7
Ohio	27,246	20,262	2,535	559	3,814	2,863	951	76
Oklahoma	12,469	9,017	2,372	264	789	528	261	26
Oregon	4,417	2,947	423	77	958	718	240	12
Pennsylvania	31,055	14,364	10,891	(⁸)	5,064	4,227	1,437	137
Rhode Island	2,091	1,068	315	13	685	510	175	9
South Carolina	2,333	1,176	481	56	599	441	158	21
South Dakota	2,317	1,774	329	27	180	125	55	7
Tennessee	5,498	2,664	1,648	122	1,028	751	277	37
Texas	23,038	19,462	814	336	2,351	1,580	771	75
Utah	3,767	2,490	874	30	365	269	97	6
Vermont	960	551	146	24	234	180	54	5
Virginia	2,958	1,260	692	104	871	662	209	30
Washington	15,888	13,121	1,152	227	1,368	1,020	348	20
West Virginia	5,127	2,340	1,886	142	737	556	181	22
Wisconsin	11,152	7,702	1,987	299	1,128	827	301	36
Wyoming	922	542	176	23	176	132	44	5

See footnotes on following page.

Table 6.—Federal insurance contributions and Federal unemployment taxes, by fiscal year, 1935–36—1941–42, and by month, fiscal year 1941–42[In thousands ¹]

Fiscal year and month	Total	Insurance contributions ²	Unemployment taxes ³
Fiscal year:			
1936–37.....	\$252,097	\$194,346	⁴ \$57,751
1937–38.....	604,510	514,406	⁴ 90,104
1938–39.....	631,227	530,358	100,869
1939–40.....	712,217	604,694	107,523
1940–41.....	788,232	690,555	97,677
1941–42.....	1,015,563	895,619	119,944
1941			
July.....	47,049	44,815	2,234
August.....	167,002	159,525	7,477
September.....	4,276	3,366	910
October.....	47,843	45,674	2,169
November.....	175,266	168,458	6,808
December.....	5,590	4,323	1,267
1942			
January.....	51,289	38,579	12,710
February.....	252,715	181,446	71,269
March.....	4,768	2,773	1,995
April.....	42,026	39,173	2,853
May.....	213,042	203,740	9,302
June.....	4,699	3,747	952

¹ Totals represent sums of unrounded figures; therefore may differ slightly from sums of rounded figures.² Tax effective Jan. 1, 1937, based on wages for employment as defined in Internal Revenue Code (ch. 9, subch. A, sec. 1426), payable by employers and employees.³ Tax effective Jan. 1, 1936, based on wages for employment as defined in Internal Revenue Code (ch. 9, subch. C, sec. 1607), payable by employers only. Amounts represent Federal tax collections after deduction for amounts paid into State unemployment funds on covered wages.⁴ Includes \$40,561,886 subsequently refunded to States which did not collect taxes on 1936 pay rolls and in which employers paid full tax to the Federal Government.

Source: Daily Statement of the U. S. Treasury.

Footnotes to table 5:

¹ Advances are certified for specified period of operation which is not necessarily period in which certification is made.² Data not comparable with expenditures for assistance and administration in table 11.³ Prior to 1942, the U. S. Employment Service was financed from 3 sources: State funds, matching Federal grants to States under the Wagner-Peyser Act, and Federal grants under title III of the Social Security Act. (For July 1935–June 1939, grants to States under the Wagner-Peyser Act were certified by the U. S. Department of Labor; for July 1939–December 1941, in accordance with Reorganization Plan No. 1, such grants were certified by the Social Security Board.) Beginning January 1942, the USES was administered by the Social Security Board and financed solely from title III funds.⁴ Totals represent sums of unrounded figures; therefore may differ slightly from sums of rounded figures.⁵ Excludes \$1,156,859 expended for postage.⁶ Includes \$20,000 certified after close of fiscal year, not included in table A-4 of Sixth Annual Report of the Social Security Board.⁷ Represents grants to States for unemployment compensation administration, 1941–42, and for State employment services, July–December 1941; excludes \$1,012,100 expended for postage.⁸ No plan approved by the Social Security Board.⁹ Beginning July 20, 1941, the Arizona employment service was maintained by the Social Security Board as a division of its Bureau of Employment Security.¹⁰ Not available, because funds for the District of Columbia employment service included in funds of the Federal Bureau of Employment Security.

Table 7.—Federal appropriations and expenditures for administrative expenses and grants to States under the Social Security Act¹ and the Wagner-Peyser Act,² fiscal years 1940-41 and 1941-42

[In thousands ³]

Item	Fiscal year 1940-41		Fiscal year 1941-42	
	Appropriations ⁴	Expenditures ⁵	Appropriations ⁴	Expenditures ⁵
Total, Social Security and Wagner-Peyser Acts.....	\$443,894	\$449,866	\$506,929	\$502,586
Total, Social Security Act.....	440,894	446,682	503,829	501,020
Administrative expenses.....	27,694	31,515	26,129	31,461
Federal Security Agency, Social Security Board ⁶	27,220	25,668	25,655	24,752
Department of Labor, Children's Bureau.....	364	362	364	363
Department of Commerce, Bureau of the Census.....	110	113	110	115
Department of the Treasury ⁷	(⁸)	5,373	(⁸)	6,231
Grants to States.....	416,200	418,351	480,800	471,125
Federal Security Agency.....	405,000	407,295	469,600	459,628
Social Security Board.....	394,000	396,522	458,600	448,238
Old-age assistance.....	245,000	260,080	300,000	299,054
Aid to dependent children.....	75,000	63,222	74,000	69,406
Aid to the blind.....	10,000	7,069	9,000	7,954
Employment security administration: ²				
Social Security Act, title III.....	61,000	62,967	72,500	70,257
Wagner-Peyser Act.....	3,000	3,184	3,100	1,566
Public Health Service: Public health work.....	11,000	10,773	11,000	11,390
Department of Labor, Children's Bureau.....	11,200	11,056	11,200	11,497
Maternal and child health services.....	5,820	5,536	5,820	5,927
Services for crippled children.....	3,870	3,986	3,870	3,997
Child welfare services.....	1,510	1,534	1,510	1,573

¹Excludes some funds appropriated and expended under the Social Security Act, because they are not separated from other Federal funds for similar purposes. Such is the case with funds for vocational rehabilitation for which \$113,000 was appropriated for 1940-41 and \$112,000 for 1941-42 for administration in the Office of Education, and \$2,000,000 for 1940-41 and \$2,650,000 for 1941-42 for grants to States. For disease and sanitation investigations of the Public Health Service, appropriations were \$1,625,000 for 1940-41 and \$1,742,481 for 1941-42 in addition to grants to States shown in this table.

²Grants for State employment services under the Wagner-Peyser Act were administered by the Social Security Board for July 1939-December 1941; beginning January 1942, the Federal Government assumed responsibility for all operations of the U. S. Employment Service. For 1941-42, expenditures from appropriations for grants to States under title III of the Social Security Act represent grants to States for unemployment compensation administration for the entire year, grants to States for employment service functions of unemployment compensation program for July-December 1941, and Federal expenditures for operation of employment services in the States for January-June 1942.

³Totals represent sums of unrounded figures; therefore may differ slightly from sums of rounded figures.

⁴Excludes unexpended balance of appropriations for previous fiscal year. Appropriations for 1941-42 include supplemental deficiency appropriation of \$40 million approved Apr. 28, 1941.

⁵Under the Social Security Act, based on checks cashed and returned to the Treasury; under the Wagner-Peyser Act, based on checks issued by the Treasury. Includes expenditures from reappropriated balance of appropriations for previous fiscal year.

⁶Includes amounts expended by the Board in administration of title II of the Social Security Act, reimbursed to general fund of the Treasury. Includes amounts for administration of the Wagner-Peyser Act prior to 1942. See footnote 2. Excludes "general expenses" shown in table 2 paid from Federal Security Agency funds appropriated for that purpose.

⁷Represents amounts expended by the Treasury in administration of title II of the Social Security Act and the Federal Insurance Contributions Act, reimbursed to general fund of the Treasury.

⁸Not available.

Source: Various Federal appropriation acts (appropriations); Daily Statement of the U. S. Treasury (expenditures under the Social Security Act); Social Security Board, Bureau of Accounts and Audits (expenditures under the Wagner-Peyser Act).

Table 8.—*Old-age and survivors insurance: Estimated number of employers and workers and amount of taxable wages, 1937-41, and by quarter, January 1938-June 1942*¹

[Corrected to Oct. 22, 1942]

Year and quarter	Employers reporting taxable wages (in thousands) ²	Workers with taxable wages (in thousands)		Taxable wages ³	
		On last day or last pay roll of quarter ³	Total during period ⁴	Total (in millions)	Average per worker
Calendar year:					
1937.....	(6)	-----	32,800	\$29,300	\$893
1938.....	(6)	-----	31,200	26,200	840
1939.....	(6)	-----	33,100	29,200	882
1940.....	(6)	-----	35,200	32,900	935
1941.....	(6)	-----	41,600	41,900	1,007
1938					
January-March.....	1,740	23,000	25,100	6,447	257
April-June.....	1,783	23,000	25,200	6,523	259
July-September.....	1,813	23,800	25,900	6,505	251
October-December.....	1,833	23,600	26,500	6,725	254
1939					
January-March.....	1,826	24,500	25,400	7,040	277
April-June.....	1,891	25,300	26,700	7,221	270
July-September.....	1,939	26,100	27,400	7,497	274
October-December.....	1,978	25,700	28,400	7,442	262
1940					
January-March.....	1,968	26,300	27,400	8,070	295
April-June.....	2,044	27,400	28,400	8,125	286
July-September.....	2,079	28,800	30,000	8,129	271
October-December.....	2,095	29,400	31,500	8,576	272
1941					
January-March.....	2,070	(7)	32,100	9,588	299
April-June.....	2,163	(7)	34,900	10,285	295
July-September.....	2,200	(7)	36,300	10,980	302
October-December.....	2,209	(7)	36,400	11,047	303
1942					
January-March.....	2,186	(7)	36,100	12,300	341
April-June.....	2,214	(7)	36,800	13,190	358

¹ Data partly estimated and subject to revision.² Number of employers corresponds to number of employer returns. A return may relate to more than 1 establishment if employer operates several separate establishments but reports for firm as a whole.³ Beginning with 1940, figures represent employees on last pay roll of quarter; prior to 1940, they represent employees on last day or last pay roll of quarter.⁴ Unadjusted for duplication resulting from recording of wages of some employees under more than 1 account.⁵ Unadjusted for nontaxable wages erroneously reported, or for wages not counted in determining insurance benefit. Wages over \$3,000 a year paid to an employee by a single employer in 1937, 1938, and 1939, and by all employers beginning with 1940, are not taxable.⁶ Not available.⁷ Revised estimates for 1941 and estimates for 1942 not available because rapid changes in labor market have complicated method of estimating number of workers in covered employment on last pay roll of quarter.

New Jersey.....	196,417	1,374,625	1,033	20,807	414,665	18,711	373,023	5,545	4,855	90
New Mexico.....	24,513	75,775	1,643	834	12,442	782	11,424	108	150	18
New York.....	688,343	4,750,625	1,049	64,680	1,290,194	57,794	1,233,665	16,866	14,796	2,070
North Carolina.....	174,370	725,675	586	8,664	120,003	7,884	107,113	1,624	1,410	20
North Dakota.....	17,440	63,900	608	634	10,756	554	9,262	142	122	20
Ohio.....	327,531	2,028,125	1,040	31,026	587,350	27,870	521,716	7,810	6,844	966
Oklahoma.....	114,706	340,500	1,720	3,959	66,239	3,629	60,020	899	801	96
Oregon.....	69,827	291,300	849	4,366	81,183	3,859	69,976	1,038	923	115
Pennsylvania.....	476,760	2,920,600	1,000	50,554	932,199	46,244	848,836	12,517	11,126	1,391
Rhode Island.....	37,846	271,275	848	4,151	77,529	3,605	67,424	968	890	108
South Carolina.....	108,290	362,100	538	4,607	61,727	4,168	54,380	816	714	102
South Dakota.....	21,946	74,850	689	846	14,884	764	13,181	195	169	26
Tennessee.....	164,680	548,950	637	7,199	107,878	6,433	94,100	1,411	1,236	175
Texas.....	364,171	1,294,580	707	13,486	214,428	12,235	192,925	2,894	2,504	390
Utah.....	34,290	115,825	775	1,707	29,916	1,581	27,217	399	363	36
Vermont.....	15,528	82,625	683	1,804	31,775	1,496	25,906	374	343	31
Virginia.....	141,444	590,625	664	7,596	114,810	6,851	102,755	1,560	1,341	219
Washington.....	108,393	466,750	940	7,878	151,379	6,950	131,373	1,949	1,707	242
West Virginia.....	83,136	420,275	900	8,129	132,010	7,561	121,424	1,753	1,602	151
Wisconsin.....	138,732	725,425	967	10,860	205,747	9,815	183,995	2,707	2,419	288
Wyoming.....	10,359	54,150	832	595	10,415	546	9,462	141	125	16
Foreign.....				211	3,390	204	3,285	51	50	1

¹ For data for previous periods, see *Sixth Annual Report of the Social Security Board, 1941*, tables B-1, B-3, B-6, B-7, B-8, and B-9.

² Excludes 353 individuals whose race and/or sex are unknown.

³ Based on sample which includes wage records of 1,372,618 workers and \$1,245,983,984 in wages identified for posting to individual accounts by May 16, 1941, or approximately 4 percent of total 1940 workers and wages thus identified. Wage items identified for posting by May 16, 1941, represent 97.6 percent of estimated total number of workers with taxable wages in 1940 and 95.3 percent of estimated total taxable wages for 1940. Taxable wages exclude remuneration from employment not covered

by old-age and survivors insurance program and wages in excess of first \$3,000 a year earned by any 1 worker.

⁴ Distribution by State estimated.
⁵ Subject to no deduction from current month's benefit or only to deduction of fixed amount which is less than current month's benefit.

⁶ Includes retroactive payments.

⁷ Preliminary estimate; subject to revision.

⁸ Totals represent sums of unrounded figures; therefore, may differ slightly from sums of rounded figures.

Table 10.—*Employment security: Summary of selected data, by State, fiscal year 1941-42*
[Corrected to Aug. 14, 1942]

State	Employment service				Unemployment compensation						Ratio: benefits to collections	
	Adminis- trative ex- penditures ¹ (in thou- sands)	Appli- cations	Place- ments ²	Active file as of June 30	Workers with wage credits ³	Number of covered employers	New claims allowed (net) ⁴	First pay- ments issued	Continued claims ⁵	Amount of benefits ⁶ (in thou- sands)		Funds available for benefits June 30 ⁷ (in thou- sands)
1939-40, total.....	\$65,552	16,174,271	4,616,166	5,734,450	30,086,000	9,810,663	10 6,234,335	5,063,174	63,977,611	\$482,507	\$1,707,046	56.5
1940-41, total.....	68,711	17,884,420	6,275,095	5,126,192	31,947,000	9,851,088	10 4,806,759	3,859,399	53,542,474	433,345	2,104,873	48.7
1941-42, total.....	74,789	18,893,910	8,111,542	4,279,825	37,200,000	11,892,907	4,521,480	3,243,715	40,383,194	371,301	2,891,115	33.8
Alabama.....	851	305,845	84,060	56,142	608,900	5,973	54,361	31,847	521,349	3,075	31,400	24.8
Alaska.....	98	15,136	10,269	10,486	32,500	1,577	2,282	1,939	24,812	215	2,231	18.6
Arizona.....	262	69,119	75,379	24,535	137,000	4,186	13,087	8,662	81,652	800	6,003	23.2
Arkansas.....	780	326,606	401,222	50,154	334,100	18,328	34,052	27,859	239,656	1,434	10,754	28.8
California.....	1,573	949,691	691,722	236,961	2,740,000	53,673	360,930	283,571	1,085,005	48,690	227,389	47.3
Colorado.....	5,522	1,145,265	92,735	28,293	276,000	4,115	19,505	13,439	166,466	1,315	15,219	25.0
Connecticut.....	1,406	290,563	109,569	41,276	900,000	11,970	65,065	45,452	368,408	3,093	76,216	12.8
Delaware.....	233	37,363	18,828	8,038	131,000	5,490	11,006	8,668	75,784	602	10,197	23.1
District of Columbia.....	314	130,103	68,887	13,502	320,000	17,417	13,653	9,764	157,097	1,565	28,233	20.6
Florida.....	847	266,122	89,193	79,134	588,900	7,516	80,196	66,589	747,923	6,346	16,851	75.9
Georgia.....	1,132	359,272	109,173	88,155	742,000	8,311	64,858	45,436	714,918	4,400	34,914	37.6
Hawaii.....	170	29,501	12,250	2,430	174,000	4,930	3,734	2,680	27,944	182	9,865	8.5
Idaho.....	313	54,735	86,417	9,847	129,000	9,556	11,580	9,746	117,802	1,029	4,067	41.7
Illinois.....	5,355	1,142,243	279,767	249,735	2,927,700	42,905	408,431	337,088	2,958,796	33,269	276,501	36.9
Indiana.....	2,062	503,526	166,828	259,963	1,117,300	10,921	128,514	(9)	1,046,796	10,617	73,910	36.9
Iowa.....	2,768	240,887	104,044	47,277	464,300	8,215	42,928	32,590	359,879	2,367	26,410	25.5
Kansas.....	634	230,646	106,621	39,897	250,000	5,097	30,660	25,217	290,570	2,361	18,769	46.3
Kentucky.....	978	258,580	82,482	76,201	506,000	8,968	46,096	33,433	222,601	2,815	46,023	20.9
Louisiana.....	929	277,680	82,413	84,329	577,200	12,267	99,857	76,338	1,027,721	7,354	23,457	67.2
Maine.....	470	129,440	54,233	19,444	250,100	3,956	28,569	21,625	211,571	1,341	10,307	21.9
Maryland.....	886	302,099	89,932	36,869	747,300	13,640	64,363	48,233	497,015	4,905	42,047	25.0
Massachusetts.....	3,325	656,264	118,066	119,398	1,662,700	35,620	188,214	144,893	1,803,155	15,056	123,865	32.8
Michigan.....	3,946	867,101	188,448	144,151	1,757,500	37,074	367,148	283,292	3,294,128	43,249	123,943	64.3
Minnesota.....	1,442	362,546	104,685	132,943	600,900	27,739	71,478	54,530	699,429	6,556	30,584	54.4
Mississippi.....	1,591	276,235	88,061	62,582	306,200	4,235	29,538	23,595	306,738	2,048	6,907	50.7
Missouri.....	2,353	631,185	232,923	259,569	1,017,700	12,756	99,266	79,146	1,023,315	8,018	57,553	30.6
Montana.....	338	64,093	37,781	7,698	129,800	10,217	17,033	13,548	195,367	1,676	6,482	54.3
Nebraska.....	481	127,439	57,735	34,448	196,000	3,783	15,717	12,105	154,292	1,213	10,028	60.0
Nevada.....	201	34,876	28,390	11,613	56,200	11 3,051	46,216	3,022	46,216	1,454	2,089	22.1
New Hampshire.....	363	65,931	26,757	10,304	180,000	4,207	24,311	13,904	156,447	972	10,300	23.9

New Jersey.....	3,302	641,799	199,835	163,994	1,640,000	19,399	255,913	199,012	2,021,434	19,557	210,678	27.1
New Mexico.....	3,216	401,720	168,532	21,218	117,200	5,373	9,965	7,620	92,516	6,095	3,727	42.4
New York.....	9,462	2,188,262	672,490	468,091	5,809,300	136,635	970,520	467,901	6,204,845	57,324	330,202	35.1
North Carolina.....	1,274	392,678	291,791	64,087	5,859,300	9,963	66,187	55,247	677,385	3,841	41,043	27.7
North Dakota.....	1,254	392,678	291,791	64,087	62,700	1,532	4,707	3,928	55,547	432	2,547	47.6
Ohio.....	4,016	1,006,023	346,235	199,187	2,610,000	56,659	185,681	128,832	1,804,083	14,943	290,039	21.2
Oklahoma.....	4,872	295,144	129,559	136,266	367,500	5,959	37,498	31,091	351,070	3,155	22,742	46.6
Oregon.....	1,001	229,567	256,778	17,052	372,300	10,073	42,947	30,937	251,270	2,264	19,854	23.7
Pennsylvania.....	6,111	1,270,546	288,887	290,574	3,820,000	115,550	288,745	207,517	2,527,072	17,531	261,476	15.7
Rhode Island.....	6,711	127,247	28,160	28,710	3,352,600	6,745	74,688	51,436	446,582	4,312	27,326	28.0
South Carolina.....	660	189,823	79,358	51,648	444,900	4,142	48,743	30,583	375,630	2,209	18,580	33.0
South Dakota.....	204	61,649	34,975	21,264	66,200	1,708	6,015	3,791	43,800	296	3,861	43.2
Tennessee.....	1,139	247,390	505,090	129,377	646,200	6,898	79,998	62,598	891,107	5,939	24,299	46.4
Texas.....	2,638	1,005,050	969,552	289,624	1,351,900	17,599	102,056	78,244	1,050,717	5,363	72,877	31.8
Utah.....	2,283	119,079	46,502	15,275	156,900	7,221	13,914	10,744	136,730	1,639	6,800	46.6
Vermont.....	248	29,575	13,376	4,980	96,200	1,737	5,888	3,725	46,452	1,326	5,369	17.4
Virginia.....	942	265,395	111,971	37,211	810,600	8,612	45,858	35,649	402,116	2,905	30,872	28.9
Washington.....	1,443	324,963	210,175	38,156	622,500	40,955	62,321	37,655	426,046	3,843	39,428	21.6
West Virginia.....	1,831	193,914	48,113	52,388	484,000	114,639	43,839	32,978	325,002	2,592	31,796	23.3
Wisconsin.....	1,260	344,490	131,836	75,549	790,000	13,297	69,408	(1)	548,253	4,692	71,278	37.6
Wyoming.....	191	33,086	19,258	6,549	71,500	4,518	5,755	4,396	50,231	4,476	3,177	35.6

¹ Data for July-December 1941 represent employment security administrative expenditures by State agencies from State and local funds and from Federal grants under the Social Security Act (title III) and the Wagner-Peyser Act; data for January-June 1942 represent employment security administrative expenditures by State agencies from Federal grants under the Social Security Act (title III) and Federal expenditures for operation of employment services in the States.

² Represents total placements, including supplementary placements in which the employment service participated but did not perform all functions, as well as complete placements.

³ Represents estimated number of different workers in each State with wages in covered employment some time in calendar year 1939, 1940, and 1941, after adjustment for duplication resulting from employment of individual workers in more than 1 State during same year.

⁴ Represents gross or number allowed on first determination, plus or minus reopened claims on which disposition was reversed by initial authority.

⁵ Represents applications for waiting-period credits or benefits which certify to completion of a waiting-period week or a benefit period.

⁶ Adjusted for voided benefit checks.

⁷ Represents sum of balances in State clearing account, benefit-payment account, and unemployment trust fund account maintained in the U. S. Treasury.

⁸ Represents contributions from employers plus such penalties and interest as are available for benefits, and contributions from employees; adjusted for refunds of contributions and dishonored contribution checks.

⁹ As of end of fiscal year.

¹⁰ Represents gross or number allowed on first determination.

¹¹ As of Mar. 31, 1942, except Alaska, Nevada, and West Virginia, as of Dec. 31, 1941, and Pennsylvania, as of Sept. 30, 1941.

¹² Data not comparable.

Table 11.—Special types of public assistance under State plans approved by the Social Security Board: Summary of selected data, by State, fiscal year 1941-42

State	Old-age assistance				Aid to dependent children				Aid to the blind							
	Expenditures for assistance and administration ¹		Recipients, June		Expenditures for assistance and administration ¹		Recipients, June		Expenditures for assistance and administration ¹		Recipients, June					
	Percentage distribution ²		Num-ber	Aver-age pay-ment	Percentage distribution ²		Total (in thou-sands)	Families		Total (in thou-sands)	Percentage distribu-tion ²					
	Fed-eral funds	State funds			Local funds	Num-ber		Aver-age pay-ment	Chil-dren (num-ber)		Fed-eral funds	State funds	Local funds			
1940-41, total	\$ 555,377	49.2	40.5	10.3	\$21.08	41.2	39.0	19.8	\$379,594	\$33.01	916,742	47.3	33.7	19.0	49,817	\$23.67
1941-42, total	\$ 602,111	49.2	41.2	9.6	21.83	41.2	40.8	18.0	390,462	34.01	938,977	47.3	34.9	17.8	53,283	24.37
Alabama	2,516	47.2	30.3	22.5	21,262	29.45	50.0	25.7	5,509	15.57	15,704	50.1	25.7	24.2	643	9.65
Alaska	561	49.9	50.1		9,61	29.45	50.0	50.0		13.76	6,178	50.0	50.0		415	33.62
Arizona	3,909	50.6	49.4		9,499	34.42	50.0	50.0	2,317	33.76	165	50.0	50.0		144	1.71
Arkansas	2,598	48.5	51.5		25,120	8.30	50.0	50.0	6,257	14.32	1,171	50.0	50.0		9,633	46.87
California	72,163	50.0	23.9	26.1	157,597	36.47	34.1	33.5	13,650	51.24	32,556	40.6	29.1	30.3	7,217	46.87
Colorado	\$ 17,797	46.3	53.0		\$ 42,787	30.99	24.25	50.0	21.9	55.64	14,611	50.0	24.7	25.3	189	29.77
Connecticut	6,365	50.8	49.2		17,583	29.38	35.3	39.2	35.1	73.55	4,421	50.0	50.0		369	29.77
Delaware	1,304	47.8	52.2		2,331	12.87	54.5	48.1	29.1	33.92	1,373	50.0	50.0		292	33.66
Dist. of Columbia	1,200	48.5	51.5		3,528	26.31	54.5	53.4	1,130	36.56	3,306	50.0	50.0		2,736	15.14
Florida	7,172	47.7	52.3		43,139	14.24	50.0	50.0	\$ 4,622	26.38	\$ 10,919	50.0	50.0		\$ 2,736	15.14
Georgia	6,625	47.6	46.6	5.8	66,195	8.85	50.0	44.6	4,717	22.61	11,529	50.0	44.2	5.8	2,033	11.58
Hawaii	(3)	(3)	(3)	(3)	1,710	14.05	(3)	(3)	888	39.86	2,760	(3)	(3)	(3)	79	16.68
Idaho	2,701	50.2	49.8		9,903	23.57	50.0	50.0	2,999	32.54	7,691	50.0	50.0		274	24.27
Illinois	46,303	50.2	49.8		150,409	26.42	45.8	50.0	22,359	32.61	30,813	49.9	47.2	2.9	2,356	21.97
Indiana	16,774	49.3	29.8	20.9	70,512	19.81	43.8	31.7	14,944	30.77	31,084	50.0	25.8	24.2	1,339	27.23
Iowa	15,151	49.8	50.0		56,555	21.47	43.6	43.6	6,745	34.03	16,280	49.9	14.9	35.9	1,346	23.76
Kansas	8,636	48.1	26.1	25.8	31,092	22.30	2,835	15.7	40.7	31.03	16,280	50.0	50.0		1,346	23.76
Kentucky	7,134	48.2	51.8		36,823	9.81	54.8	51.2	15,053	26.71	38,391	49.8	50.0		1,333	17.11
Louisiana	6,376	46.6	53.4		35,676	13.36	5,541	28.8	1,820	41.44	30,449	50.0	50.0		1,080	22.74
Maine	3,957	49.3	50.7		15,901	21.23	899	41.8	29.4	1,820	41.44	50.0	50.0		1,386	26.27
Maryland	4,202	47.8	35.4	16.8	16,537	19.05	2,544	38.4	11.6	5,372	32.42	50.0	16.3	33.7	614	22.58
Massachusetts	33,066	48.6	32.8	18.6	86,630	33.22	8,945	30.9	36.9	12,001	56.12	50.0	50.0		1,120	24.64
Michigan	21,374	50.2	50.6		92,465	19.68	11,200	37.4	8.9	20,766	43.58	50.0	50.0	(12)	1,396	26.27
Minnesota	17,374	49.4	31.9	17.9	63,139	22.30	4,116	45.4	34.5	8,906	34.84	49.7	45.3	5.0	1,027	27.44

	3, 138	49.0	50.9	.1	26, 902	9.02	628	50.0	49.9	.1	2, 575	20.14	6, 004	163	50.0	50.0	(42)	1, 370	10.65
Mississippi.....	19, 334	49.1	50.6	.3	115, 501	13.38	4, 247	50.0	49.7	.1	3, 14, 098	23.47	32, 339						
Montana.....	3, 400	49.1	50.6	.3	12, 467	22.59	1, 011	49.9	49.3	16.4	8, 5, 413	30.63	6, 454	94	49.8	32.8	17.4	329	24.63
Nebraska.....	7, 097	49.6	50.4	.2	29, 579	38.66	2, 161	50.0	50.0			28.38	12, 101	200	50.0	50.0		8 730	21.72
Nevada.....	836	50.0	50.0	.2	2, 209	30.64													
New Hampshire.....	2, 057	49.3	50.7	.2	7, 312	22.76	429	37.2	62.8		841	47.79	2, 110	99	50.0	50.0		338	23.72
New Jersey.....	8, 830	47.6	51.2	.3	29, 880	22.64	3, 754	46.7	21.0	32.3	8, 380	31.82	19, 107	243	49.1	1.7	49.2	716	24.52
New Mexico.....	1, 069	47.6	51.2	.3	5, 102	16.20	778	49.0	51.0		2, 365	27.89	6, 971	57	49.7	50.3		235	18.97
New York.....	42, 015	46.4	50.9	.2	118, 915	26.15	18, 898	30.7	20.0	49.3	27, 661	49.23	54, 930	1, 092	48.6	23.1	28.3	2, 757	27.64
North Carolina.....	5, 167	48.4	50.9	.2	39, 223	10.36	2, 218	50.0	26.5	23.5	9, 910	17.17	23, 202	464	50.0	25.3	24.7	2, 215	15.13
North Dakota.....	2, 224	48.4	50.9	.2	9, 539	18.60	1, 028	49.4	24.9	31.0	6, 942	31.91	6, 942	42	50.0	46.7	3.3	135	20.97
Ohio.....	40, 667	50.6	49.4	.4	139, 373	24.04	6, 086	41.3	26.2	32.5	11, 535	38.54	30, 247	1, 118	49.7	16.5	33.8	3, 941	20.97
Oklahoma.....	18, 124	50.1	49.9	.5	77, 749	20.46	1, 849	50.0	50.0		19, 541	21.96	45, 103	550	50.0	50.0		2, 184	22.55
Oregon.....	6, 110	49.3	51.7	.8	21, 751	23.28	1, 183	37.5	39.4	23.1	2, 026	46.31	4, 772	158	49.1	31.7	19.2	406	27.70
Pennsylvania.....	29, 884	48.2	51.8	.4	97, 342	22.97	7, 963	39.1	60.9		47, 757	40.59	120, 145					95	22.32
Rhode Island.....	2, 076	48.8	51.2	.7	7, 422	23.50	787	38.0	38.0	23.0	1, 241	52.45	3, 456	28	50.0				
South Carolina.....	2, 554	43.6	56.1	.3	21, 030	11.42	863	45.4	54.3	.3	4, 020	16.72	11, 762	117	42.6	57.0	.4	815	10.71
South Dakota.....	3, 369	50.0	49.7	.3	14, 737	19.20	8, 651	49.7	49.8	.5	1, 863	28.75	8, 355	52	49.7	49.7	.6	255	15.34
Tennessee.....	5, 247	49.0	50.0	.7	39, 995	11.84	3, 331	49.9	34.2	15.9	14, 223	19.02	35, 408	237	50.0	38.0	12.0	1, 657	12.44
Texas.....	37, 773	51.0	49.0	.1	174, 154	19.71	10 1, 276	50.0	50.0		15, 054	20.63	31, 007	13 577	50.0	50.0		3, 135	22.92
Utah.....	4, 880	50.5	50.0	.4	14, 569	27.07	2, 178	38.1	47.1	14.8	3, 489	46.19	9, 167	64	48.7	36.9	14.4	167	28.44
Vermont.....	1, 136	50.0	50.0	.2	5, 495	17.09	288	50.0	25.9	24.1	3, 725	32.83	1, 929	46	50.0	50.0		157	22.50
Virginia.....	2, 795	46.1	53.2	.2	19, 783	10.36	1, 361	50.4	29.5	20.1	4, 963	20.68	14, 313	201	50.0	29.4	20.6	1, 080	12.94
Washington.....	26, 084	49.8	50.2	.4	64, 282	33.54	2, 742	41.2	50.0		4, 876	43.78	11, 782	462	50.0	50.0		990	35.78
West Virginia.....	4, 824	48.4	51.6	.4	23, 487	17.65	4, 221	50.0	32.2	33.0	12, 673	31.10	33, 651	270	50.0	50.0		1, 031	22.43
Wisconsin.....	13, 694	50.3	49.7	.2	53, 958	23.68	5, 768	34.8	30.1	19.9	11, 095	39.59	25, 830	589	50.0	30.1	19.9	1, 422	24.35
Wyoming.....	1, 105	49.4	50.6	.1	3, 537	24.94	339	50.0	30.1	19.9	748	33.52	1, 942	48	49.1	50.9		137	28.21

¹ Except for Illinois in 1941-42 and Arizona in 1940-41, excludes expenditures for personnel merit systems.

² Based on unrounded figures.

³ Total excludes Hawaii, for which data on administrative expenses not available.

⁴ Includes data for recipients 60 but under 65 years of age.

⁵ Excludes data not expended by State in period, \$88,420 representing part of addendum to Federal grant for assistance.

⁶ Excludes data not expended by State in period, \$88,420 representing part of addendum to Federal grant for assistance.

⁷ Represents expenditures from December 1941, first month for which Federal funds available.

⁸ Excludes program administered under State law without Federal participation.

⁹ Includes administrative expenditures for personnel merit system.

¹⁰ Represents expenditures for assistance payments for October 1941-June 1942 and for administration for July 1941-June 1942; first Federal funds available under approved plan for July 1941.

¹¹ Excludes program administered under State law without Federal participation.

¹¹ Represents administrative expenditures for April-June 1942; first Federal funds available under approved plan for April 1942.

¹² Less than 0.05 percent.

¹³ Total expenditures and distributions by source of funds partly estimated. Excludes, because not expended by State in period, \$88,700 representing part of addendum to Federal grant for assistance. Such addendum may be used by State for administrative expenses, assistance payments, or both purposes.

¹⁴ Represents expenditures for assistance payments for October 1941-June 1942 and for administration for July 1941-June 1942; first Federal funds available under approved plan for July 1941.

¹⁵ Shortage of funds at end of fiscal year resulted in low average payment for June. Average payment in May 1942 was \$1.62.

¹⁶ Excludes, because not expended by State in period, \$9,911 representing part of addendum to Federal grant for assistance. Such addendum may be used by State for administrative expenses, assistance payments, or both purposes.

EIGHTH ANNUAL REPORT OF
THE SOCIAL SECURITY BOARD

1943

HD7123

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AMERICAN FOUNDATION
FOR THE BLIND INC.

HD 7123
u

EIGHTH ANNUAL REPORT OF THE SOCIAL SECURITY BOARD

LETTER

FROM

THE ADMINISTRATOR
FEDERAL SECURITY AGENCY

TRANSMITTING

A COPY OF THE EIGHTH ANNUAL REPORT
OF THE SOCIAL SECURITY BOARD



JANUARY 19, 1944.—Referred to the Committee on Ways and Means
and ordered to be printed with illustrations

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1944

FEDERAL SECURITY AGENCY

PAUL V. McNUTT, *Administrator*

SOCIAL SECURITY BOARD

ARTHUR J. ALTMAYER, *Chairman*

GEORGE E. BIGGE

ELLEN S. WOODWARD

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LETTERS OF TRANSMITTAL

FEDERAL SECURITY AGENCY,
SOCIAL SECURITY BOARD,
Washington, D. C., October 31, 1943.

The Honorable PAUL V. McNUTT,
Federal Security Administrator,

DEAR MR. McNUTT:

I have the honor to transmit the Annual Report of the Social Security Board for the fiscal year ended June 30, 1943, for submission to the Congress as required by section 704 of the Social Security Act.

Respectfully submitted.

ARTHUR J. ALTMAYER,
Chairman.

FEDERAL SECURITY AGENCY,
Washington, D. C.

The Honorable SAM RAYBURN,
Speaker of the House of Representatives,
Washington, D. C.

DEAR MR. SPEAKER:

I have the honor to transmit herewith a copy of the Eighth Annual Report of the Social Security Board.

Sincerely yours,

PAUL V. McNUTT,
Administrator.

III



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*EIGHTH ANNUAL REPORT OF THE
SOCIAL SECURITY BOARD*

Social Security During and After the War

WARTIME CONDITIONS in the fiscal year 1942-43 caused a sharp change in the focus of social security measures, with a reversal of the roles of public aid and social insurance programs in the United States. By the end of the year, all Federal emergency programs for public aid had been liquidated or were in the last stages of that process. Total payments for work relief and direct relief in the United States, which once (January 1934) had amounted to as much as 6.6 percent of total income payments in a month, represented only 0.7 percent in June 1943. Of the June amount, nearly all was for the special types of public assistance under the Social Security Act—assistance to the needy aged, needy blind, and dependent children. In other words, the public aid provided by Federal, State, and local governments went almost wholly to needy persons who were unable to share in the Nation's war effort because they were too young to work or were handicapped by blindness or old age. While the aid given to these and other needy persons is often seriously inadequate, opportunities for work have served, directly or indirectly, to liquidate large areas of insecurity in which individual families and whole communities had been mired for a decade or more.

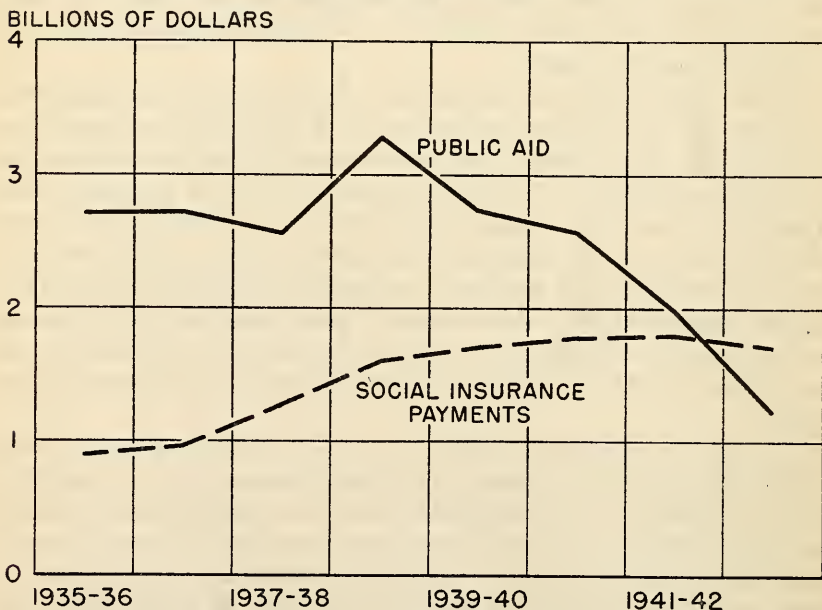
On the other hand, total payments to individuals for social insurance and related purposes, which exceeded public aid payments for the first time in June 1942, were above the relief totals in each month of the year (chart 1). The change reflects the end of a decade when expenditures for social security, in the broad sense of that term, were predominantly on an emergency basis and for persons who were in need because work was lacking. It marks the gradual rise of permanent measures under which workers, employers, and governments are contributing to offset part of the wage loss which is incurred, in good times as in bad, when a worker's earnings are interrupted or cease.

In contrast to the sharp decline in public aid, there was relatively little decline in total payments for social insurance and related purposes in 1942-43. The precipitous drop in unemployment benefits was nearly offset by the rise due to cumulating benefit rolls of retirement and survivor programs. The insurance and related payments shown in chart 1 include old-age and survivors insurance under the Social Security Act, Federal-State unemployment insurance, and the special retirement and unemployment insurance systems established under Federal law for railroad workers; retirement systems for Federal, State, and local governmental employees; payments under State

workmen's compensation laws to disabled workers or the survivors of workers; and payments by the Federal Government to veterans of the armed forces or members of their families. These various systems are alike in that the right to a benefit arises from past employment or service and that payments are made in recognition of losses in earnings or earning capacity from one of the risks against which the programs are directed—unemployment, disability, superannuation, or death of a breadwinner on whose earnings others depended. Of these four risks, only unemployment was greatly affected by the high level of prosperity in 1942-43, and even in this year some 1.3 million workers drew unemployment benefits for shorter or longer periods during which they could not get suitable work.

Whether or not the Nation's economy is moving in high gear, people become too old to work, or are injured or sick and unable to work, or die before they have been able to make adequate provision for the support of their families. Since progress itself means change, a smaller or larger number will be unemployed at any time in a dynamic economy. On the other hand, the smooth and steady function-

Chart 1.—*Social insurance and public aid payments in the continental United States, fiscal years 1936-43¹*



¹ Public aid payments represent earnings of persons employed by NYA, WPA, and CCC, and payments to recipients under 3 special public assistance programs and general assistance, value of food stamps issued by Food Distribution Administration under food stamp plan, and subsistence payments certified by Farm Security Administration. Social insurance payments represent payments under programs of old-age and survivors insurance, railroad retirement, Federal, State, and local retirement, veterans' pensions, workmen's compensation, State unemployment compensation, and railroad unemployment insurance.

ing of the economic system depends in considerable part on an orderly method of coping with costs and losses which must be met in one way or another—through social insurance or assistance, or in terms of exhaustion of personal resources, destitution, and demoralization.

Social insurance and public assistance together are complementary measures for distributing these inevitable costs among insured persons, employers, and the population as a whole in ways which help to maintain individual independence and self-respect and national well-being. It cannot be assumed that social insurance, no matter how comprehensive, can wipe out entirely the need for systematic and adequate measures for public aid. Among any large number of families, some in any year will meet with an exceptional misfortune or combination of misfortunes that transcends the benefits or services that can be financed appropriately through contributory social insurance, which is necessarily designed in accordance with the range of risks common to large groups. Further development of social insurance in the United States can, however, avert a considerable part of the dependency which necessitates relief. For example, if there had not been workmen's compensation laws in the States, public aid costs of the States and localities probably would have felt a heavier impact from the past year's increase in industrial accidents resulting from the rise in employment.

The effect of social insurance in helping whole communities as well as individual families to bridge emergencies has been reflected during even the recent years of expansion when industry was being mobilized. In Detroit, for example, there was widespread unemployment in the winter and spring of 1942 while the automobile plants were being converted to war production. More than 100,000 initial claims for unemployment benefits were filed in the area in the 4 months January–April. Even in the last of these months, at least one-tenth of the workers in the county were unemployed, including some 60,000 displaced by wartime changes. Yet in April, after many weeks of recession, only 147 families applied to the general assistance agencies in Detroit for relief because of unemployment due to the wartime situation.

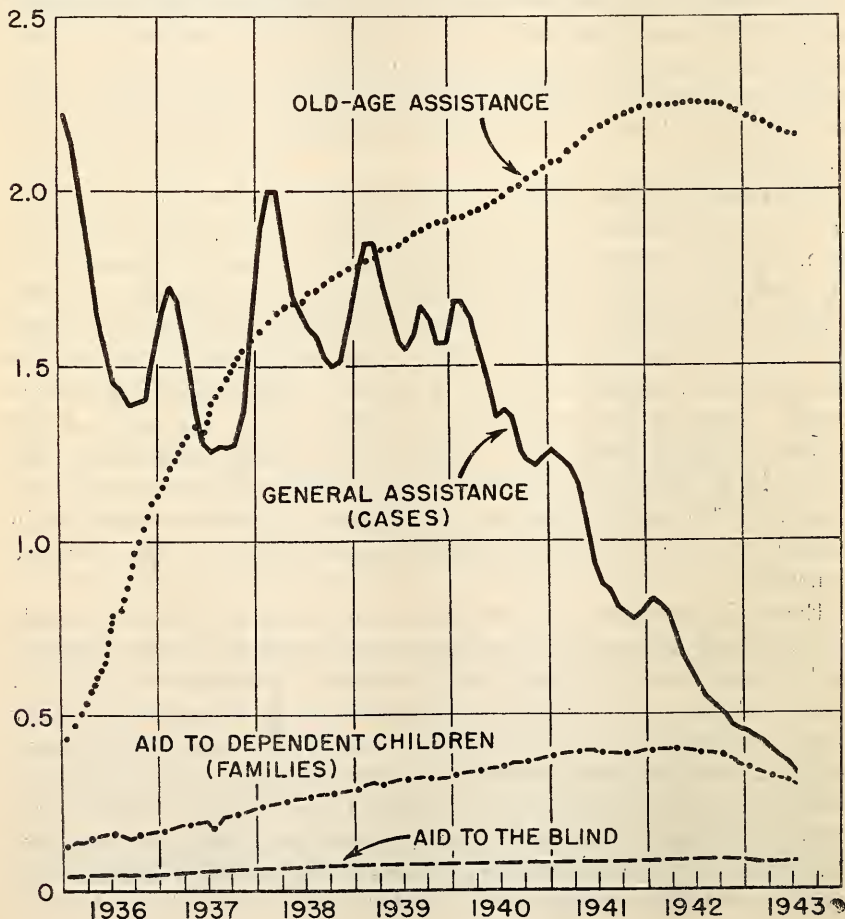
Events in this fiscal year have underscored the fact that the people of the United States—both men and women, the aged, the handicapped, and the children—wish to maintain economic independence and will work to do so. In June 1943, unemployment benefit payments under State laws were hardly more than one-tenth the amount in the peak month of that program, while only about one-third of the aged persons who could have qualified for monthly retirement benefits under the Social Security Act were actually receiving them. The remainder had chosen to postpone their claims or to have their benefits suspended while the wartime labor market gave them a chance to con-

tinue or resume work in covered employment. The assistance programs under the Social Security Act also gave clear evidence, if evidence were needed, that American workers and many who ordinarily are not in the labor force will use to the full every opportunity to support themselves and their families through their own earnings. The extent to which these opportunities affected even the groups least likely to share directly in wartime activities is reflected in the steady decline in the number of recipients of old-age assistance, who average about 75 years in age; in the drop in the number of families receiving aid for dependent children; and, over the year, in a slight decrease even in the number of recipients of aid to the blind.

Even when employment and national income are at unprecedented

Chart 2.—*Recipients of public assistance in the continental United States, January 1936–June 1943*

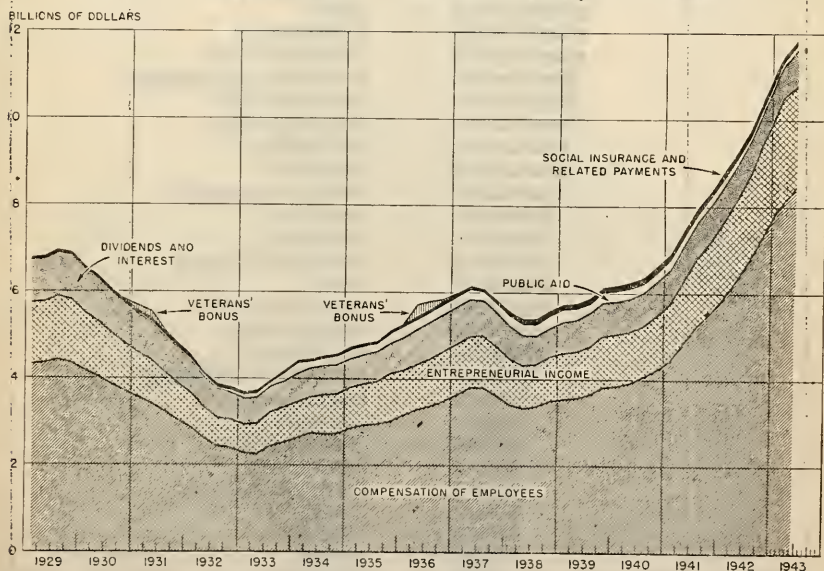
MILLIONS OF RECIPIENTS



levels, however, millions of families are unable, temporarily or permanently, to attain full self-support, while additional millions are handicapped by a degree of poverty which is a drag on the Nation's present and future safety and well-being. The course of the year forces to attention two basic questions concerning the present and future of social security in the United States. Is it equipped to carry its full share of the load when, with victory, the United States faces the inevitable readjustment to peace? What light does experience in this year of more than full employment cast on the role of the program in the longer run, in helping to attain and secure the freedom from want for which, among other objectives, we are fighting?

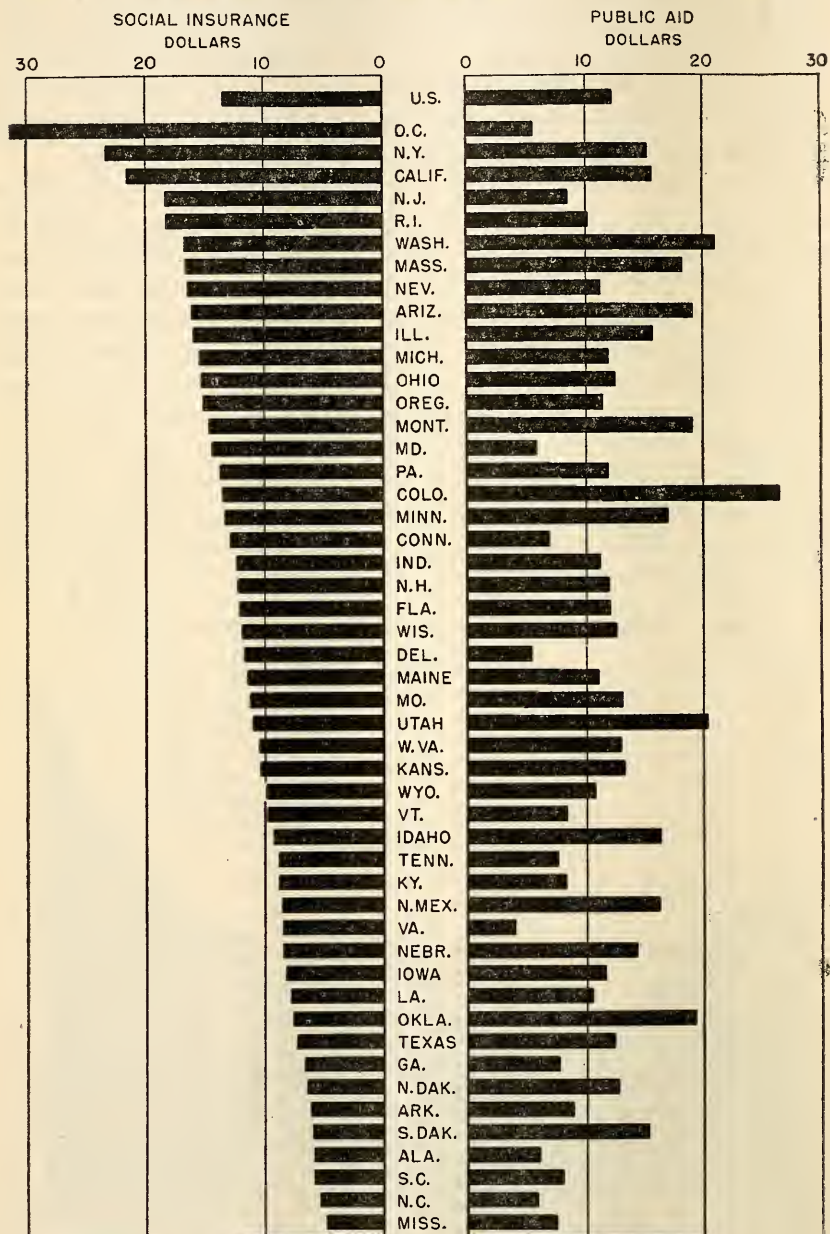
An understanding of the resources and deficiencies of the programs administered by the Social Security Board can be gained only by considering these programs in relation to the economic risks of American families and to other public measures to counter these risks. Specific provision for social security in the United States is made through three general groups of measures. Social insurance, almost wholly financed through contributions of employers and workers, underwrites certain risks of interruption of earnings or prolonged or permanent loss of capacity to earn, chief among them unemployment, occupational injuries, old age, and death of the breadwinner. Various forms of public aid, paid from general or special taxes rather than specific contributions, mitigate deficiencies in family income which arise from these or other causes. In addition, certain general com-

Chart 3.—*Income payments to individuals, January 1929–June 1943*¹



¹ Monthly average for each quarter for the period 1929–42; monthly data thereafter.
Source: U. S. Department of Commerce, Bureau of Foreign and Domestic Commerce.

Chart 4.—*Social insurance and public aid payments per inhabitant, by State, 1942*



and welfare measures established under the Social Security Act and other legislation. Health, in fact, is so crucial a factor in earning capacity and economic independence that nearly all countries but the United States have made it an initial and important part of their social insurance system to provide money payments or medical services, and customarily both, to assure workers and their families necessary income and medical care.

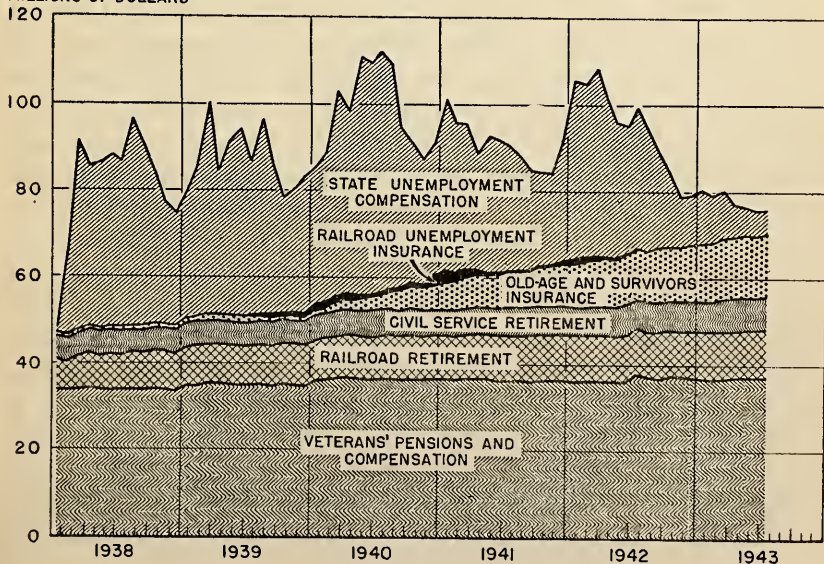
In the fiscal year 1942-43, there were great variations in the scope and effectiveness of measures of these various types in terms of the risks included, the groups which had access to them, and the extent and level of operations in various parts of the United States. Particulars concerning the operation of programs administered by the Social Security Board are summarized in part II of this report. The purpose of the present discussion is to outline briefly the scope of existing measures for social security and the general direction of action which the Board finds necessary to strengthen and coordinate measures for social security.

Social Insurance and Related Programs

The Federal system of old-age and survivors insurance established under the Social Security Act covers substantially all industrial and commercial employment throughout the country. A very large part of such employment is also covered by the unemployment compen-

Chart 5.—*Payments under selected social insurance and related programs, January 1938-July 1943*

MILLIONS OF DOLLARS



sation laws in effect in all States and Territories, while State laws provide a large measure of coverage of work-connected accidents in industry and, to a smaller extent, coverage of occupational disease. Among the social insurance provisions for special groups are the Federal programs under the Railroad Retirement Act and the Railroad Unemployment Insurance Act which cover substantially all railroad employment, and Federal, State, and municipal systems under which about two-thirds of all public employees are accruing rights toward retirement and, to a small extent, some protection for surviving dependents. Payments to veterans of the armed forces and their dependents or survivors may also be considered as related to social insurance, since they are based directly on past services; in June 1943, monthly retirement, disability, and survivor payments made by the Veterans Administration to more than 900,000 beneficiaries represented about one-fourth of all expenditures in the United States for social insurance and related purposes.

Risks to Security

It may be presumed that substantially all persons who work for their living need provision for themselves and their dependents against loss of capacity to earn by reason of sickness, disability, unemployment, old age, and death. Yet the provisions outlined above fail to recognize any of these risks for large groups of the gainfully occupied population, notably those whose earnings are drawn from agriculture, domestic service, and self-employment. In other fields of work, protection against certain risks is wholly lacking or greatly restricted. In public employment, for example, provisions for survivor insurance are scattered and meager. Apart from the cash sickness benefits payable in Rhode Island to workers covered by the State unemployment compensation law, there is no public provision for insurance against wage losses due to sickness and disability except veterans' provisions and the limited measures to compensate work-connected injuries in industry and commerce. General measures to ensure the ability of families to get needed medical care are lacking. Nowhere except in the District of Columbia does unemployment insurance make specific provision for dependents of insured workers.

Though opportunities for earning were at record heights in 1942-43, existing social insurance provisions and personal resources were insufficient to keep some families and individuals from economic disaster in this year. At the end of the year, the aged who were receiving assistance payments on the basis of need probably were nearly twice the number receiving social insurance or other retirement payments in old age on the basis of their past employment and, for the majority, their own contributions. In all, probably some 4 million needy persons, including more than 2 million old people, were being

supported wholly or partly by public aid at the close of the fiscal year, not including the institutional population. There is ample evidence, moreover, that many in need of aid were not receiving any; many others, not enough.

Though unemployment was at a record low, benefits for 13.6 million weeks of compensable unemployment were paid to some 1.3 million persons during the fiscal year. Compensable unemployment, moreover, at no time in this period represented more than a fourth of the total current unemployment estimated by the Bureau of the Census. Among the unemployed to whom benefits were not payable were those who had exhausted their benefit rights under their State law and those who had had too little or no covered employment or earnings to qualify them for benefits. Though some of the unemployed persons who could not get benefits doubtless were marginal workers who depended in part upon others for support, many had small resources, if any, to carry them until they found a job.

During the fiscal year, probably a billion man-days were lost to the Nation's war effort because of the sickness or disablement of persons who would otherwise have been in the labor force. Their total loss in wages may be estimated at \$2-3 billion, while total costs of medical services, including both public and private expenditures, were about \$4.5 billion. Lack of full health and vigor in the ages when health should be at its best was reflected in the rejections of young men called for selective service. Doubtless in 1942-43, as is usual in all but periods of widespread unemployment, sickness and disability constituted the greatest single cause of poverty and dependency in the United States. In 19 large cities which report detailed information on general assistance regularly to the Social Security Board, loss of earnings because of sickness or disability has been the largest single reason for applications for general relief in each month of 1943. Public costs of the burden of sickness and disability appear not only in expenditures for public institutions but also directly in the aid given to the needy blind and children who are in need because of the parent's incapacity and, at least indirectly, in nearly every other form of public aid.

Differences in the Extent of Insurance Protection

Since social insurance and related programs apply for the most part to industrial and commercial employment, there are large differences in the extent to which the working population in various parts of the country has access to these means of maintaining economic independence. Both coverage and total benefit payments are largest, in general, in the industrialized States and least in agricultural areas. Exclusion of domestic service from social insurance also serves to limit protection against economic risks in some areas, es-

pecially the South. Differences in the extent to which workers are accruing rights under the largest system, Federal old-age and survivors insurance, are reflected roughly in estimates of the proportion of total wages and salaries paid in employment covered by the program. For the continental United States as a whole, a little more than 73 percent of all wages and salaries in 1942 was paid in employment covered by this program; among the 48 States the range was from 39 percent in North Dakota to 87 percent in Connecticut.¹ Differences among the States in the present coverage of social insurance programs were also a major factor in causing large differences in the relative amounts of aggregate payments under all social insurance and related programs in that year. For the continental United States, such payments in 1942 represented \$13.46 per capita of the total population. Among the 48 States, the range was from \$4.80 per capita in Mississippi to \$23.34 in New York.¹ Both coverage and the relative amount of total benefit payments tended to be low in the States where average incomes were low and family resources, therefore, relatively least.

Under the national insurance systems—old-age and survivors insurance under the Social Security Act and the retirement and unemployment insurance systems for railroad workers—benefit formulas are uniform throughout the country. Since benefits are based on taxable earnings, differences among the States in average payments tend to reflect differences in wage rates and levels of living and thus accord with the principle that social insurance payments should replace specified proportions of customary earnings, subject to fixed minimum and maximum benefit amounts.

Unemployment insurance, apart from the system for the railroad industry, is administered under the 51 separate laws of the States and Territories and the District of Columbia. Benefit amounts and all other factors in the protection afforded unemployed workers vary widely. Workers with identical records of prior employment and wages differ in their ability to qualify for benefits according to the provisions concerning the size of firm and type of industries covered and the required amount of earnings in covered employment in the State in which they have been employed. Differences in benefit formulas introduce additional variations among the States in the weekly amount and duration of benefits payable to unemployed persons whose records are similar or identical. While average benefits reflect primarily State-to-State differences in wage rates and annual wages per worker, disparities which in no way parallel such differences are introduced by benefit provisions. Maximum weekly benefits,

¹ The District of Columbia is omitted from this comparison since, because of the concentration of Federal employment covered by the Civil Service Retirement Act, the figures reflect a situation different from that in the States.

for example, are higher in Georgia and Louisiana than in Ohio and Washington, while maximum potential benefits are greater in Alabama than in Maine. The average potential duration of benefits for all eligible claimants whose benefit years ended in 1942 ranged from less than 9 weeks in Kansas to 20 weeks in Utah.

Under both the national and the State insurance systems, moreover, both a worker's chance to qualify for any benefits and the amount for which he qualifies are affected by the exclusion of certain types of work from coverage; for the State systems, the barrier of State boundaries is an additional factor. An individual whose work has been partly in and partly outside covered employment may be unable to qualify for an insurance benefit when he suffers a risk for which insurance contributions have been paid. If he does qualify, his benefit may be less than would have been the case if all his earnings could have been counted in computing it, and the benefit amount may have little relationship to his actual loss of earnings.

Gaps in Social Insurance Protection

Historically, social insurance has developed first for wage earners in industry and commerce because it was clear that in the towns and cities persons who depended on a daily or weekly wage for their livelihood and bought nearly all the goods and services they used were likely to be without resources when they had no job or were too sick or too old to work. It was assumed that persons who worked on farms, in private homes, or in businesses of their own had less need for social insurance because they could draw on resources available in the older family economy, in which members of a household united in making a living, rather than buying it from wages earned by only one or two of the members. From the administrative standpoint, moreover, it is obviously simpler to collect contributions and record wages for persons who work in groups, with a single employer, and are paid agreed amounts, than for those whose jobs are scattered and whose earnings are likely to be irregular and often largely in the form of food and shelter, rather than money.

Administrative problems of extending various forms of social insurance to nonindustrial workers and self-employed persons have been solved in a number of different ways in countries which have embarked on such measures. There is a growing recognition, moreover, that problems which came with the industrialization of our economy have not been limited to the cities or to factories, stores, and offices. In most respects, the groups now excluded from social insurance in the United States have no less need of it than those who are covered; in some respects, their need is greater.

At the time of the 1940 census, more than 16 million persons, or nearly a third of the entire employed population, engaged in work

nearly or wholly unprotected by any form of social insurance. They included the Nation's farm workers, domestic workers in private homes, employees of religious, charitable, and certain other non-profit organizations, and self-employed persons, among them farm owners and operators. In addition, some 5 million employees of Federal, State, and local governments were without provision for unemployment insurance, and a substantial part were not covered under a retirement system. Both public employees and more than a million persons in railroad jobs had only a minor stake, if any, in social insurance to protect their survivors.

The number of persons who work in noncovered employment at some time during the course of a year is, of course, greater than the number in such jobs at any particular time. In terms of the two major systems established under the Social Security Act, individuals in excluded employment at some time in 1942 are estimated as follows:

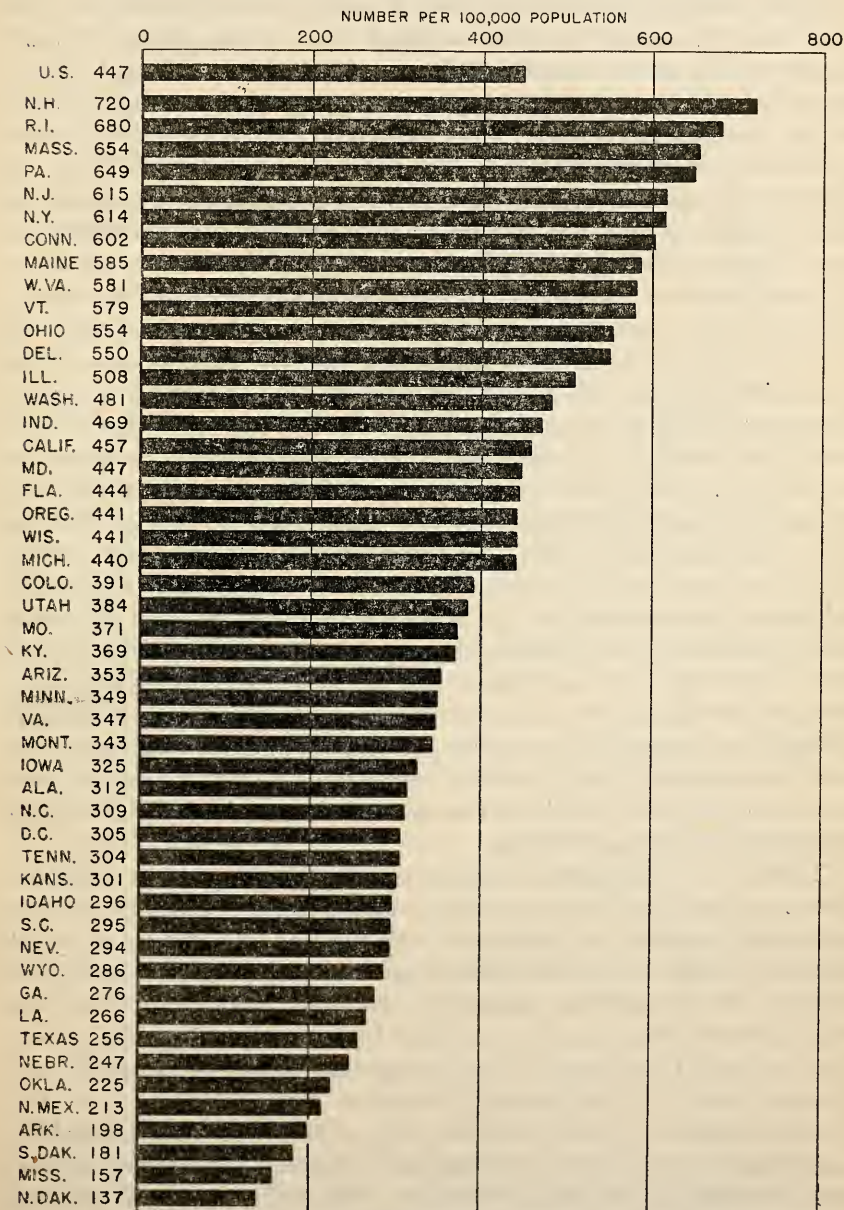
<i>Type of employment¹</i>	<i>Minimum—maximum estimates (in millions of persons)</i>
Employments excluded from both old-age and survivors insurance and unemployment compensation:	
Self-employment	10.0-11.7
Farm operators.....	4.8- 5.5
Other self-employed.....	5.2- 6.2
Agricultural labor.....	4.0- 5.0
Domestic service.....	2.0- 2.2
Employment for nonprofit organizations.....	.7- 1.1
Federal civilian employment.....	3.4- 3.8
State and local government employment.....	3.3- 3.6
Railroad employment.....	2.2- 2.3
Additional employments excluded from unemployment compensation:	
Maritime employment.....	.2- .3
Small firms in covered industry.....	2.5- 3.0

¹ In addition to these groups, casual workers, family workers, student nurses and interns, regular students earning less than \$45 per quarter from a school or college, newsboys under age 18, persons working for voluntary employee beneficiary associations under certain specified conditions, persons in the employ of a foreign government, fishermen on vessels of less than 10 net tons, and a few other miscellaneous groups, as well as persons in the armed services, are excluded from coverage under old-age and survivors insurance, the Federal Unemployment Tax Act, and most State unemployment compensation laws.

No important occupational groups rank lower in the scale of earnings than farm workers and household workers, even when allowance is made for what these workers receive in the form of food and shelter. For most in these groups, employment is typically uncertain and broken. The "hired hand" and the "hired girl" who were considered members of the household in an earlier generation have given way to workers whose relationships with their employers are often brief and casual. On the mechanized farms, "gang labor" is increasing; in smaller city homes, equipped with household machines,

there is greater use of part-time and intermittent domestic service. This change in working relationships has led inevitably to less sense of responsibility on the part of employers in finding a place for aged

Chart 6.—*Number of old-age and survivors insurance benefits in current-payment status per 100,000 population,¹ by State, December 31, 1942*



¹ Based on population as of April 1942, estimated by Bureau of the Census.

employees or in helping them in sickness and other emergencies. Serious accidents are not uncommon on farms and in private homes, yet almost without exception these types of employment are unprotected by workmen's compensation. Wages are too low to permit workers to save adequately for emergencies or for old age.

Self-employed persons are often thought of in terms of well-to-do business and professional men whose work is "independent." Yet the 10.0-11.7 million persons excluded from substantially all participation in social insurance by reason of their self-employment represent for the most part operators of small farms and stores, repair services, and the like, whose returns are small and whose "independence" is largely illusory. The common notion that "being in business for oneself" guarantees a certain job security is disproved by the statistics on business turn-over and mortality, farm foreclosures, and dispossessions. As a group, the self-employed are older than wage earners and more likely to have families dependent upon them. Although a few self-employed persons derive very large incomes from their business or profession, before the war the proportions in the various income brackets were about the same as for persons receiving wages and salaries; since that time, moreover, various wartime controls have severely affected small businesses. Letters received by the Board indicate that many owners of little unincorporated businesses look longingly at the protection which wage earners have under the Social Security Act and other social insurance legislation. Often they are contributing under such laws in behalf of their employees while they themselves have no adequate means of making provision for their old age or assuring the support of their families if they should die or become disabled. Unemployment insurance, which stems from the severance of an employer-employee relationship, is less applicable to persons who work for themselves, and self-employed persons also are less likely to suffer measurable losses of income from temporary illness. In all other respects, their need for social insurance parallels that of wage earners.

There is a widespread impression that employees of Federal, State, and local governments have comprehensive protection through retirement systems and relatively little need of other forms of social insurance, and that a somewhat similar situation exists among employees of educational, charitable, religious, and other nonprofit organizations who are also excluded from nearly all general measures for social insurance. Few systems for public or nonprofit employees make any substantial provision for survivors. At the present time, nearly all full-time Federal employees are covered by retirement systems which provide for retirement for age and permanent disability, but many "wartime duration" employees will not build up any permanent retirement rights while in civil service and

will also be losing their social security protection. Among other governmental employees and employees of nonprofit organizations, perhaps half are accruing rights to retirement. In many instances, the provisions of State and municipal systems or the plans in operation in educational and other nonprofit organizations apply only to certain occupational groups, such as professional or clerical workers, and exclude laborers, maintenance workers, and other low-paid employees. It is generally supposed that governmental and nonprofit employees are more secure in job tenure than other workers and hence have less need of unemployment insurance. However, the rate of compensable unemployment among public employees in one State which has covered State and local employees under unemployment compensation has been higher than the average for all industries, primarily because of unemployment among highway and construction workers. For at least certain groups of public employees, the risk of unemployment would seem to be not dissimilar to that of other workers.

The extent of systematic protection actually available to public and nonprofit employees is less than would be supposed from the extent of coverage, at any given time, under their special retirement systems. In most cases, considerable periods of service are required to qualify for benefits, and rights of individuals whose work shifts between systems or into other types of employment are only rarely transferable. Many of the older special retirement systems were considered as means of rewarding long-continued service for a single employer, and no rights, except perhaps a return of any contributions made by the employee, inure to those who leave the system before retirement age. The effect of division of coverage in weakening social insurance protection is especially serious at the present time among workers who shift between public and private employment. Large numbers of workers have been drawn from private employment into shipyards, arsenals, and other wartime activities of the Federal Government. In many cases these workers will not remain in Federal service long enough to be entitled to anything but a return of their contributions under the Federal system, while in the meantime they are losing or impairing their protection under the general old-age and survivors insurance system or special systems and under the State unemployment compensation systems.

Public Assistance Programs

By June 1943, expenditures for public aid and the number of persons receiving such aid in the United States were at the lowest level in more than a decade. Need resulting directly or indirectly from lack of work and from the agricultural disasters in the drought years

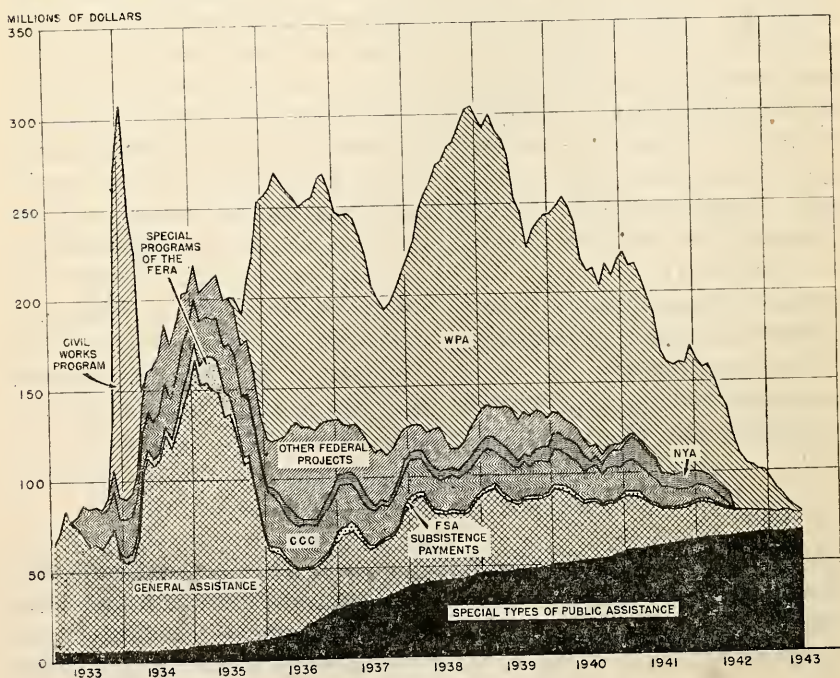
had largely disappeared; the only programs in operation on a significant scale were the special types of public assistance under the Social Security Act, and general assistance (chart 7).

Reasons for Assistance

The Social Security Act recognizes, in its provisions for matching Federal grants to States, need for assistance to the aged, to the blind, and to children who have been deprived of parental care or support by a parent's death, continued absence from home, or physical or mental incapacity. State programs for these three groups, in nearly all of which there was Federal financial participation under the Social Security Act, accounted for more than two-thirds of all individuals on assistance rolls at the end of June and for nearly nine-tenths of the total amount of public aid provided in that month by Federal, State, and local governments.

General assistance or relief, financed and administered wholly by the States and localities, accounted for nearly all the remaining recipients of public aid. Probably in the country as a whole, as in the group of large cities for which actual figures are available, the largest single factor in causing requests for general assistance was loss of

Chart 7.—*Payments to recipients of public assistance and earnings of persons employed under Federal work programs in the continental United States, January 1933–June 1943*



earnings through sickness and disability. Among other reasons were insufficiency of earnings for usual support or for special demands, such as costs of sickness; the need to supplement social insurance benefits for some aged or unemployed persons, survivors of insured workers, or others who could qualify for only small amounts; and loss of regular employment or jobs under the work programs as these latter were liquidated. Special wartime situations, including the rise in the cost of living, business dislocations, migration, and absence of breadwinners who were in the armed forces also played some part in causing temporary or continuing need for assistance.

Public aid in 1942-43, therefore, represented largely measures to alleviate individual distress resulting from the impact of risks against which social insurance is or may be directed. Had the provisions for social insurance been more nearly adequate in the coverage of risks and groups and, in the case of old-age and survivors insurance, of longer standing, a considerable amount of need and assistance costs in this year of record national income could have been averted.

Differences in the Extent of Assistance Protection

At the end of the fiscal year, old-age assistance was being administered with the aid of matching Federal funds under the Social Security Act in all jurisdictions eligible to participate—the 48 States, Alaska, the District of Columbia, and Hawaii. Of these 51 jurisdictions, 45 were also administering approved plans for aid to the blind and 48 for aid to dependent children, while an additional 4 and 3, respectively, had similar programs administered under State laws without Federal financial participation. No specific programs for the blind were in operation in Alaska and Delaware. Provisions for general assistance were in effect in all States, though not always in all localities; in many localities, moreover, whole groups—such as families including a member adjudged employable, aliens, or families receiving other types of public aid—were excluded.

A needy person's chance of receiving assistance and the amount of assistance for which he may qualify differ widely among and within the States. One specific example is reported by a State welfare agency, showing the replies received from agencies in 44 States and the District of Columbia as to the disposition they would have made of the application of an old man whose circumstances were described in detail. In 15 States and the District of Columbia he would have been held ineligible for old-age assistance; in 20 States, eligible; and in 9, eligible in some localities and ineligible in others. The amounts of assistance which these agencies would have given in his case varied from \$1 a month to \$37.²

² Sheppard, Virgil, "Standards for Old Age Assistance: Nation-wide Study Reveals Varied Budgeting Practices," *Public Welfare in Indiana*, Vol. 53, No. 2 (February 1943), pp. 10-11.

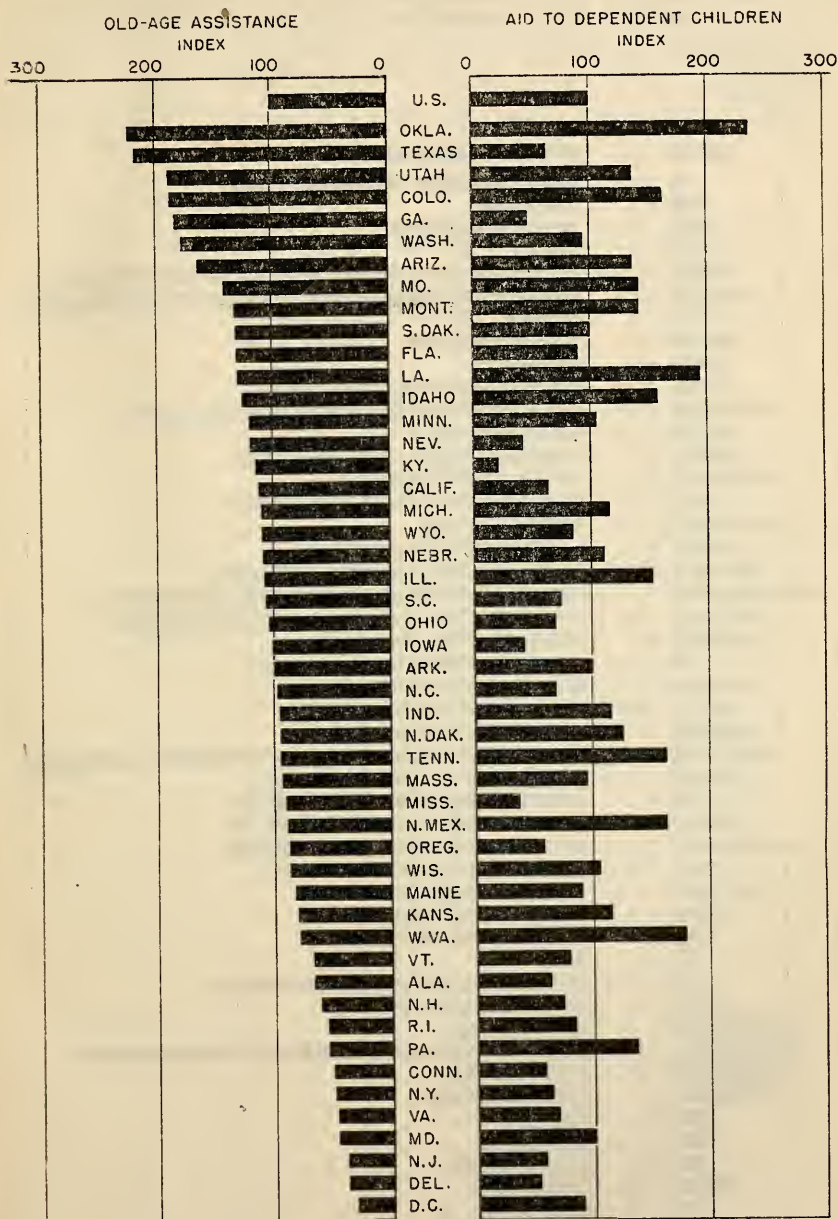
Differences in the availability and the amounts of assistance result from variations among States in laws, policies, administrative practices, and resources for public aid. For programs administered under the Social Security Act, there are certain general requirements for the receipt of Federal grants. Within these conditions, approved State plans may differ with respect to eligibility provisions—such as citizenship, relatives' responsibility to support, the definition of "needy," or grounds for aid to dependent children. General assistance is wholly a matter of State, local, or State and local determination. Underlying many of the differences which are crystallized in law or practice is the great variation among the States in the availability of funds for public aid. For the programs administered under the Social Security Act, at least half the costs of assistance payments must be met from State or State and local sources, and the Federal grant is necessarily proportioned to what is provided from those sources. In general assistance there is no Federal participation.

In a country so large and diversified as the United States, it is to be expected that there will be sharp geographic differences in the extent of need. There are similar differences in the relative numbers of the aged or children. Such variations, however, are not sufficient to explain the range among the States in the relative numbers of recipients, in average assistance payments, or in per capita expenditures. In one State, for example, half of the aged population received old-age assistance in June 1943; at the other end of the range, in three States recipients represented less than 1 in 10 of the aged. Average payments for old-age assistance in June 1943 ranged, among the States, from \$9.15 a month to \$37.60. Expenditures for this program in 1942 ranged from less than \$1 a year per inhabitant of the State to more than \$16. State differences in per capita expenditures for aid to the blind and aid to dependent children, though less striking, were still great, while for general assistance the range in 1942 expenditures in States reporting to the Board was from 2 cents per capita to \$4.83. In general, relative expenditures are least in States where the average income in the population as a whole is low and where need for aid is presumably greatest. Whether or not a needy individual or family gets aid and the adequacy of what they get depend in large part on the place in which they happen to live.

Among the three groups aided under the Social Security Act, disparity in the levels of assistance is introduced by the limitation on the amount of individual payments which are matched by Federal funds. For the aged and the blind, the maximum Federal share was set at \$15 a month per recipient in the original legislation and was increased to \$20 by the 1939 amendments to the act. For dependent children, on the other hand, Federal matching funds may not represent more than \$9 a month for the first child and \$6 for

Chart 8.—*State recipient rates for old-age assistance and aid to dependent children in relation to recipient rate for United States, June 1943*¹

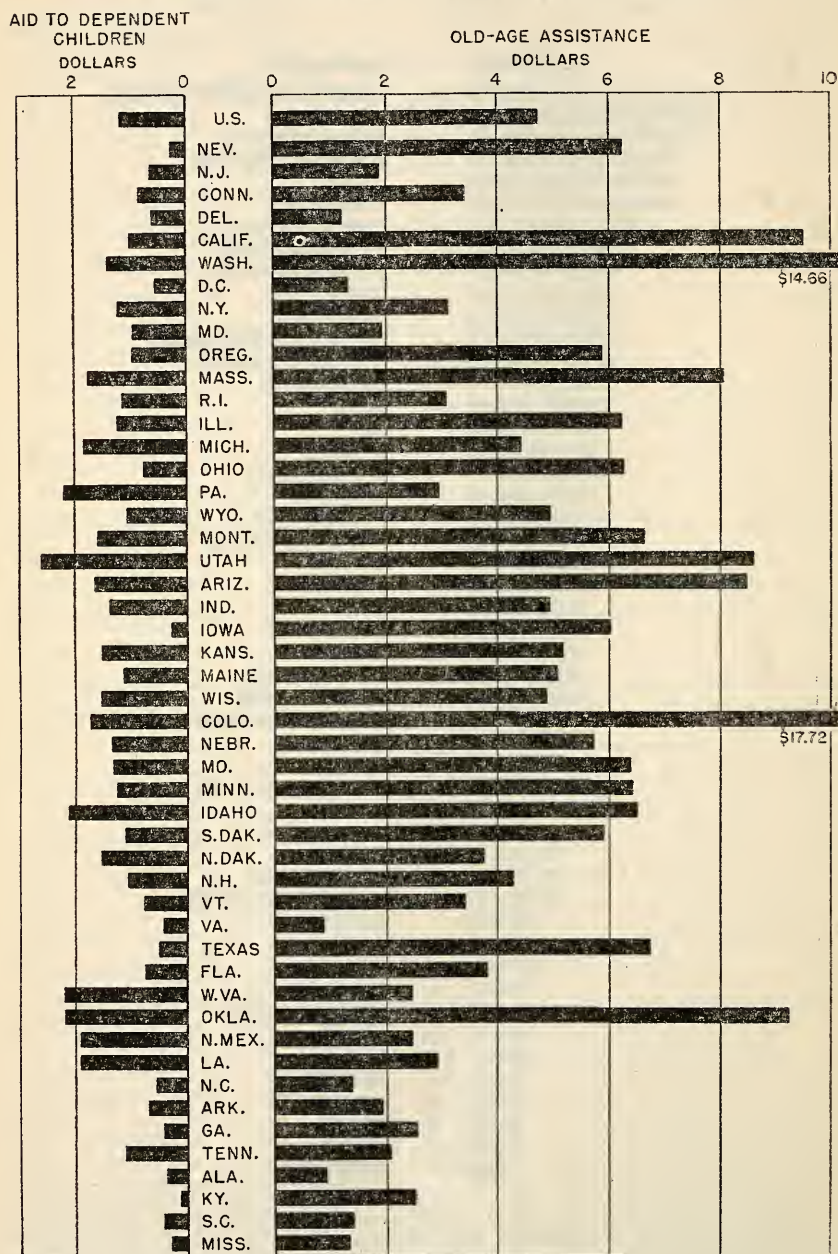
[U. S. Rate = 100]



¹ Recipient rates represent number of old-age assistance recipients per 1,000 population aged 65 and over based on population estimated by the Social Security Board as of April 1943, and number of children receiving aid to dependent children per 1,000 population under age 18 based on census population data as of Apr. 1, 1940.

Chart 9.—*Aid to dependent children and old-age assistance payments per inhabitant, by State, fiscal year 1942-43*

[States ranked according to 1942 per capita income payments which ranged from \$1,352 in Nevada to \$407 in Mississippi, with a U. S. average of \$852]



each additional child aided in the same home, while no additional allowance is made toward the support of the mother or other relative who cares for the children. In June 1943, the average payment under all approved plans for aid to dependent children was a little less than \$39 a month per family, including, on the average, 2.5 children as well as the adults responsible for their care. On the other hand, recipients of old-age assistance, who in general represent individuals, received, on the average, \$24.67.

Gaps in Assistance Protection

Gaps in the availability of assistance to needy individuals or families arise both from the total lack of programs in some jurisdictions and the formal exclusion, in others, of certain needy groups, and also from limitations on the aid actually given to persons eligible under the provisions of their State.

Lack of any or adequate programs of general assistance in some parts of the country leaves little or no recourse for persons who fail to meet the requirements for the special types of assistance on the grounds of age or residence, or for other reasons. When funds for general assistance or special types of assistance are limited, individual payments may be set at some fraction of the amount determined by the agency as necessary to meet the recipient's need, or all payments may be reduced by some stated amount. During even the past fiscal year, some States found it necessary to use methods such as these to keep expenditures within the limits of their available funds and were therefore unable to meet any or all the need of individuals in the groups for whom they had assumed responsibility under State laws and plans. Under the Social Security Act, matching Federal funds may be used only for children who have been deprived of support or care by reason of death, continued absence from the home, or physical or mental incapacity of the parent, and many State plans recognize only these reasons. Families in which children may be equally needy because of the father's unemployment or low earnings may have no means of aid except what is available through general assistance.

At the end of June, the number of families whose applications for aid to dependent children were pending in States with plans approved by the Social Security Board was about one-tenth the number on the rolls; in three States, families with pending applications outnumbered those receiving aid. Experience has shown that the majority of applicants are eligible for the type of aid for which they apply. Some agencies, moreover, discourage applications when they realize that stringency of funds or other restrictions on intake will make it impossible to grant assistance even if need is found to be serious. The volume of unmet need in a State or locality may therefore be greater than is shown by a formally established waiting list.

The rise in living costs during the war has caused special difficulties for recipients of assistance, since, like other low-income families, they spend a large part of their income for food, in which the increase has been sharpest. Discontinuance of the food stamp plan and of Federal measures for direct distribution of agricultural commodities has removed resources which were important to many families on the assistance rolls and other needy persons, especially in the Southern States. Increases in average payments for assistance have failed to keep pace with the rise in the cost of living. For some households, this failure may have been offset by increases in opportunities to gain small earnings or in help from relatives. For others, however, the effect has been to increase privation.

Health and Medical Care

Our country may well take pride in its progress during the past half century in extending the average length of life and raising standards of physical well-being. We may be proud also of the Nation's total resources for the prevention and care of sickness—organized public health services, splendidly equipped hospitals, and skilled medical practitioners and technicians. In combination with the relatively high levels of living achieved by the American population as a whole, these resources have served to make the health and life of the average man more secure than that of his parents or grandparents. Failures, however, to assure healthful growth and development among even the generations now young are evident in many ways, among them the record of the first 3 million men examined for selective service. Though these men were in the ages 21–36 and their average age was 26, half failed to meet the physical and mental requirements of the system for general military service, while about one-fourth could not qualify for even limited service. Of the 900,000 who were thus disqualified, at least 200,000 had defects which were considered easily remediable. Among a large group of 18- and 19-year-old registrants, about 25 percent were rejected on physical or mental grounds. Rejection rates reflected economic handicaps. Among boys classified as farmers, the rate was about 40 percent, and among emergency workers and the unemployed, nearly 38 percent, while for those classified in skilled occupations and professional and semiprofessional services, only about 20 percent were rejected for these reasons. Though standards for military service were more rigorous than those required in many civilian activities, prevalence of physical defects among this cross-section of the young adult population has serious implications for individual and social security.

Differences in the Extent of Health Protection

Average achievements in health security have little meaning to a particular individual; what matters to him is his own chance to live a full life unhampered by sickness or incapacity. The average conceals the fact that in all parts of the country there are groups whose chances of survival are no greater than those which existed in the United States 60 years ago. Some places in the United States, especially rural areas, are almost without access to modern facilities to prevent and cure sickness.

Progress in improving health and longevity has come largely through organized measures for curbing or eradicating hazards of whole communities—that is, through public health and sanitary provisions to safeguard water and milk supplies and prevent or control communicable diseases such as typhoid fever, diphtheria, tuberculosis, and malaria. Sickness and death rates from causes such as these make it clear, however, that there still remains a tremendous weight of preventable or curable sickness and postponable death which could be lifted through the use of measures long since established as appropriate functions of public health and medical services.

In these as in other fields of public action, striking variations arise from differences in public and personal resources. A baby's chance to survive the first year of life, for example, was nearly three times as good in the best State in 1942 as it was in the State where the infant mortality rate was highest. The death rate from tuberculosis ranges, among the States, from 79.1 per 100,000 of population to 16.2, excluding States in which facilities for the care of that disease have attracted patients from other areas. While climatic and other differences enter into comparisons such as these, a major underlying factor is the discrepancy in the funds made available by States and localities to carry on widely accepted public health functions needed to prevent and care for sickness within their borders. Recognition of this situation was made in the provision of Federal grants for public health and maternal and child health and welfare under the Social Security Act, administered, respectively, by the U. S. Public Health Service and the Federal Children's Bureau. At the end of nearly 8 years, however, these measures had not yet proved sufficient to remove the handicaps of wide geographic areas and certain groups in all areas.

Within localities, moreover, sickness varies according to income level. The chance for health, and even for survival, is least among the poor. The general death rate among boys and men of working age has been found to be nearly twice as high for unskilled laborers as for professional men or proprietors, managers, and officials. Wage earners in nonrelief families with annual incomes of less than \$1,000 were found to have, on the average, nearly twice as many days of

disability during a year as those in families with \$3,000 or more. Families on relief reported nearly three times as many days of disability per person as were reported for persons in families with incomes of \$3,000 or more. Children in relief families lost nearly a third more time from school or play because of illness than those in families with moderate or comfortable means. It is of little use to argue whether sickness and premature death are more often the cause or the result of poverty; in either case, it is necessary to stop the down-spiral likely to end in demoralization and dependency.

Public health programs for the prevention and control of communicable diseases have wiped out or relegated to an unimportant place many ailments which once were leading causes of sickness and death. Success has been greatest in the acute ailments of childhood and youth. Increasing proportions of the babies born in the last half century or more have gained a chance to live to old age. Except for accidental injuries, the leading causes of death are now the slowly crippling diseases of middle age and old age, often ushered in by long periods of increasing disability. The attack on these forms of ill health cannot be made by mass methods, such as chlorinating a water supply to eradicate typhoid fever. To prevent and curb such causes of disability and death requires the highly individualized services of physicians, technicians, and laboratories. These services are necessarily expensive. They are, moreover, the forms of medical care for which American families typically pay, when they receive them, as individuals. The direction of progress in health security in the United States lies increasingly in ensuring that all groups in the population can get for the prevention and care of sickness whatever medical care they need, not only as members of communities but also as individuals.

Costs of Medical Services

The largest part of the Nation's total bill for health and medical care is paid directly by families. In 1942, government—or the population as a whole as taxpayers—paid about 20 percent of the total, exclusive of the cost of medical care for the armed forces. Philanthropy and industry combined accounted for probably not more than 5 percent of the total. About three-fourths of the total paid in a year comes directly from family pocketbooks, and of this sum a very large part is paid by the families which suffered serious illnesses. Serious sickness is likely to make inroads upon family resources through temporary or prolonged loss of earnings and increases in costs of food and household services, as well as in terms of medical bills. The major part of the support of measures for security in life and health in the United States thus falls fortuitously upon households when they are least able to pay for it. The care a family

receives depends in considerable part upon its income. Despite all the public provisions for medical care and the care given through philanthropy and the unpaid services of physicians and others, low-income families receive, on the average, much less care than those in better circumstances, though their needs for care are greater.

From the standpoint of the family which suffers serious illness, adequate medical care must nearly always be expensive. For the country as a whole, costs are not such a problem. It is estimated that about \$4.5 billion was spent in 1942 in the United States for medical care and public health services. This was a very small fraction of the Nation's income. Among individual families the average outlay was relatively small, not more than 3, 4, or 5 percent of annual income. If 1942 followed the pattern of an earlier prosperous period for which detailed studies are available, low-income families, which have the greatest need for care and receive the least, spent a somewhat larger proportion of their annual income for medical services than the well-to-do.

The problem of medical bills arises from the fact that they are unlike any other basic item in the family budget. No family can set aside 4 or 5 or even 10 or 20 percent of income for a given year and know that it will be enough to meet medical bills. For the individual family, medical costs are unpredictable and largely uncontrollable. In any given year, medical needs will confront some families with economic disaster and others with a burden which can be met only by sacrifice of other essentials, but no one can predict which families these will be. Over the cycle of a generation, few households escape a year or more in which illness brings heavy or crushing costs, but none can select for sickness the year when they are best able to pay for what they need.

The Need for Security in Health

In the opinion of the Social Security Board, the lack of adequate measures to cope with sickness and disability represents the most serious gap in provisions for social security in the United States. This lack affects all areas in the country, all age groups, and nearly all income levels. Compensation for wage losses arising from temporary or prolonged incapacity to work would help employed persons and their families to maintain their financial independence when they suffer these involuntary reductions in earnings. It cannot be expected, however, that replacement of a part of customary earnings would be effective in enabling the population to meet the additional costs that are due to or associated with sickness of the worker or members of his family, or to meet needs for care which now are unmet.

Gaps and inadequacies in existing measures for public health and

the lack of systematic provisions for assuring access to medical services for all persons who require care inevitably cast direct or indirect burdens on all other branches of the social security program. These gaps and inadequacies are reflected in costs of relief, in unemployment or under-employment—to which, in ordinary times, the worker in substandard health is particularly liable—and in earlier retirement than many persons would choose if they were physically able to continue work. The goal of full employment implies not only job opportunities but also opportunities for all to achieve and maintain the health and vigor without which the individual cannot work effectively. The Social Security Board believes that provisions for health and medical care have an important place in any comprehensive and adequate program of social security.

Financial Aspects of Social Insurance and Assistance

The great wartime increase in employment and earnings, which was concentrated in industry and commerce, caused rapid increases in the funds collected under contributory social insurance systems. Declines in applications for assistance, together with improved ability to levy or collect some of the general or special taxes used by States in financing assistance programs, resulted, in some States, in making larger resources actually or potentially available for individuals who were in need. Nevertheless, in this fiscal year as in the years preceding, the fiscal structure of social security programs in the United States rested upon bases widely varying in adequacy and margins of safety.

Social Insurance

Of the two major social insurance systems in the United States, old-age and survivors insurance under the Social Security Act is financed equally by contributions of employers and workers, together with interest paid on assets held in the old-age and survivors insurance trust fund. Administrative costs of the 51 unemployment compensation systems established under the laws of the 48 States, Alaska, the District of Columbia, and Hawaii are met from Federal grants administered by the Social Security Board under the Social Security Act. Unemployment benefit expenditures are financed by employer contributions under the laws of these jurisdictions with, in a few States, relatively small amounts of contributions by workers as well.

At the end of the fiscal year, assets of the Federal old-age and survivors insurance trust fund totaled \$4.3 billion, a gain of more than a billion dollars during the year. The balances of the States in the unemployment insurance trust fund totaled \$4.0 billion and represented an increase of \$1.1 billion from the total on June 30, 1942. Despite the general similarity of the two sets of figures,

however, the financial situation of these two major insurance systems reflected highly different conditions.

Under a retirement system, expenditures customarily rise over a long period. In these first years of old-age benefits under the Social Security Act, only a small proportion of the persons who reach retirement age in a given year have had an opportunity to acquire the wage credits which are necessary to qualify them for benefits. On the other hand, substantially all wage earners in industry and commerce and their employers are making contributions to the system toward benefits which will not be payable for some time, in some cases as much as 40 or 50 years. There is less cumulation of deferred obligations under the survivors insurance provisions of the act, because deaths occur at all ages and the dependents of an insured worker may be able to claim benefits when he has had as little as a year and a half of covered employment immediately preceding his death and because the maximum period of payments to children is 18 years. Here also, however, the recency of the establishment of the system results in somewhat lower benefit expenditures, in relation to the contributions received in a given year, than are to be expected at later periods.

Part of the increase in retirement benefits which would have been expected by the end of the fiscal year in ordinary times had failed to materialize because of the wartime opportunities for employment. It is reasonable to suppose that many aged insured workers will have to give up their jobs when the war is over and younger men and women come back to private employment from the armed forces and other public wartime services. The current increase in covered employment, moreover, is making it possible for some persons who otherwise could not have done so to gain wage credits which will entitle them to benefits in the near or more distant future, while others are increasing the potential amounts of their benefits. A sharp rise in benefit expenditures is to be expected when the war ends, though the extent of that rise is limited by the character of the system, since in any particular year only a small part of the population is called upon to face the loss of earnings through the old-age retirement or death of the wage earner.

The financing of State unemployment compensation systems is based on the general premise that over the swing of a business cycle the contributions paid into a State's account will approximate withdrawals from the fund for benefit payments. Under provisions of the Social Security Act, each State system accumulated an initial reserve from at least 2 years' contributions before its first benefit payments were made. More than half the States began to pay benefits in 1938. As a result of the business recession in the latter half of 1937 and the first part of the following year, many workers who were un-

employed in these States did not have sufficient wage credits to qualify for benefits. State systems under which payments began in 1939 have not yet faced a period of serious unemployment. Thus, from the fiscal standpoint, the period in which unemployment compensation laws have been in operation in this country has been relatively favorable as a whole. During the past fiscal year, wartime activities have forced unemployment to the lowest levels on record.

In certain circumstances we may expect that large and sudden drains on the assets of the State systems will come at the end of the war. The high level of current earnings and employment has increased both the amounts and the duration of benefits to which workers will be entitled, by and large, if the inevitable changes and dislocations in industry throw them out of a job. Most States, moreover, have acted to protect former workers who are now in the armed forces by "freezing" their benefit rights so that they too may be able to draw benefits if, on demobilization, they cannot at once get work.

In terms of past experience, the \$4.0 billion held in the State accounts in the trust fund would seem adequate—under existing benefit provisions—to cope with even unusual demands. There are two reasons why such a conclusion is not warranted. Aggregate payments in past years have been low because the Nation's economy was on the upswing of the business cycle and because benefit provisions were limited. Moreover, the accumulated \$4.0 billion is not available to deal with unemployment wherever it occurs. The total is divided among 51 separate State accounts, each of which must bear the full weight of unemployment within its State. Among the States there are wide differences in the protection afforded unemployed workers, in the extent of the economic dislocation which may come at the end of the war, and in the relative amounts accumulated to meet such costs. There is no doubt that the reserves of the States will differ greatly in adequacy to meet their needs.

The amounts in State reserves for unemployment benefits have been affected increasingly during the war by rising employment and wages, on the one hand, and, on the other, by decreases in the contribution rates actually paid by employers under State laws. The Federal Unemployment Tax Act makes a uniform levy of 3.0 percent of pay rolls on all subject employers. Against this Federal tax, employers may offset as much as 2.7 percent of pay rolls for the contributions they have paid under State unemployment compensation laws or the contributions from which they have been excused through the operation of the experience-rating provisions of these laws. As experience-rating provisions have come into operation, however, differences have developed in the average rates of employer contributions in different States. The average yield from employer contributions in 1941 ranged from 1.3 percent to 2.6 percent of pay roll in the 17 States where ex-

perience-rating provisions were in operation, and was 2.1 percent for these States as a group. Among the 34 States using such provisions in 1942, the range was from less than 1 percent to 2.7, and the rate for the group was 1.7 percent. About the same rate of yield may be expected in 1943 for the 40 States which now have experience rating in operation. Aggregate receipts of the State accounts in 1941 were \$58 million below what would have been obtained by a uniform 2.7-percent rate. In 1942 the loss was nearly \$293 million.

Thus, over the major part of the country, the rate of contribution has declined at the very time when employment and pay rolls are at record levels and when it would be easiest to build up reserves commensurate with the great future liabilities that are being created. Nor can present losses be regained if business declines. Then shrinkage in pay rolls would require substantial increases in tax rates at a time when business could least afford increased burdens. In many instances, the establishments which have gained the most through wartime activities will have contributed the least toward meeting claims on unemployment funds when they must cut down or shut down with the discontinuance of war contracts. Thus the war is accentuating inconsistencies already inherent in experience rating. This situation has been recognized by 10 States which have passed laws to increase, for the duration of the war, contribution rates of employers whose pay rolls have risen markedly. In many of these States, however, the additional revenue obtained from war-risk contributions will hardly offset losses from the operation of experience rating.

Employer contributions for old-age and survivors insurance represent a uniform percentage of taxable pay roll for all concerns, large and small, in which one or more workers receive wages subject to the tax. The offset provisions of the Federal Unemployment Tax Act were intended to avert unfair interstate competition among employers of eight or more persons by imposing the uniform Federal tax against which employers could credit their State contributions; it was believed that smaller concerns were not likely to be engaged in interstate business. The effect of the diverse experience-rating provisions of the State laws, however, has been to impose highly different burdens on employers in the same line of business when their establishments are in different parts of the country, even though their experience with unemployment has been the same. The relation between contribution rates and the amounts of benefits charged to individual employers' accounts places a premium on use of disqualifications and other methods to curtail payments to unemployed workers and tends to penalize employers in States without experience-rating provisions which attempt to strengthen and improve their benefit standards.

Both the wartime economy and the situation for which the country

must be prepared at the end of the war emphasize the view held by most economists—that the causes and control of unemployment lie beyond the control of individual employers and beyond controls which can be exercised within a State. The present methods of financing unemployment benefits raise serious doubts as to the capacity of the Federal-State system to protect workers adequately and to distribute the cost of unemployment with equity to employers, workers, and the population as a whole.

Public Assistance

While tradition and public policy are important in determining a State's expenditures for public assistance, a major cause of differences in the coverage and adequacy of measures for assistance is the variation among the States in economic capacity. The best single index of this variation is State per capita income. Though wartime activity has improved income levels in all States, the relative differences continue to be great. In 1942, income payments to individuals represented \$852 per capita of the population of the continental United States. There were 12 States in which per capita income was more than \$1,000, and 12 in which it fell below \$600. The range was from an average of \$407 per person in the State which had least to \$1,352 in the richest State, a difference of more than three to one. The States where per capita income was low were, as would be expected, those which collect relatively small amounts in State and local taxes. In 1941, total State and local tax collections represented \$69 per capita of the population as a whole. The range among the States was from \$26 per capita to \$117.

Federal grants under the Social Security Act for the special types of assistance can only match, within stipulated limits, the amount the State and its localities make available for these programs. In 1942, Federal expenditures for these three programs represented as little as 56 cents per capita of the population in Alabama and, at the other end of the scale, as much as \$8.60 in Colorado. Thus there are large differences in different parts of the country in the extent to which needy old people, children, and the blind actually share in the Federal support which Congress hoped to provide for them under the Social Security Act. An important factor in keeping needy persons from receiving aid equivalent to that provided elsewhere for those in similar circumstances is the uniform-matching provision of the Federal act. The Board believes that this method of financing cannot be expected to result in adequate standards of assistance.

Since general assistance depends wholly upon State and local resources, and in large part on the latter, there is, as would be expected, a still wider range in the relative amounts of aid provided in different parts of the country. In 1942, expenditures for general assistance

in four States represented more than \$2 per capita, while in eight the reported per capita expenditure did not exceed 15 cents. The narrowness and relative inelasticity of the property tax, which provides the largest part of local funds for general assistance, and the restrictions of coverage which typically accompany local administration and financing are particularly serious in the light of potential changes in the war and post-war economy.

A Basic Minimum Program of Social Security

The purpose of a comprehensive program of social security is simple. Basically, it is to enable the working population to maintain economic independence throughout the cycle of family life by distributing the return from labor over the periods in which breadwinners can earn and those in which they cannot; at any one time, contributions made by the many who are subject to the risk are available to compensate the relatively few who at that time are suffering its impact. In addition, there must be systematic measures to assure the subsistence of persons who have not been able to share in social security provisions based on work or who have met with extraordinary individual catastrophes.

It is not the aim of social security to provide a lifetime bonus. Social insurance represents, rather, a safeguard against economic hazards besetting the long road of self-support and family support, which is arduous and risky for most in any working generation. Among workers, as among a party of mountain climbers, some at any moment will have a secure foothold, while others, except for the safety rope, would slip to disaster. Some persons in each generation are not able to share in gainful work while some others at any given time will not have acquired an insurance stake commensurate with their individual needs. For these, public assistance, representing the effort of the entire population, provides a secondary safeguard to the maintenance of personal and social integrity.

The major functions of a program of social security are therefore to cope with wage losses arising from the interruption or cessation of earnings and to remedy deficiencies in the personal resources of individuals who lack the means of subsistence. Rights to insurance stem from the individual's previous participation in work; rights to assistance, from his current need. Since capacity and opportunity to work are the foundation of both individual and national security, public measures to prevent and care for sickness and to assure access to jobs are essential to organized programs of social security.

The existence of opportunities for work is governed, of course, by basic economic factors beyond the scope and control of the social security system. Insurance and assistance payments facilitate the

smooth and orderly operation of economic forces by augmenting purchasing power when and where it is most needed. A comprehensive and flexible system of social security thus enables individuals, and aids communities and the Nation as a whole, to adjust to the changes and dislocations which are inherent even in progress. When disaster threatens, the system is all the more necessary.

Progress under the Social Security Act has been more substantial than its proponents would have dared to predict 8 years ago. The provisions of law and the process of administration have been tested through an arc of widely differing economic conditions in years of depression, recovery, and war. The objectives of the program have been found in accord with the traditions and desires of the American people. Nearly all the principles incorporated in the original law and the 1939 amendments have proved sound and workable. On the other hand, certain minor provisions have been found cumbersome or defective, and experience has demonstrated one major fault in the design of the program. Certain gaps in its provisions, recognized and postponed for later action by those who were responsible for the formulation of the program, have become increasingly evident as it has developed.

No one can doubt that victory will bring sharp and sudden changes in all the factors in American life with which the social security program is concerned. Whether that time comes sooner or later, it is now none too soon to design and implement the social security provisions which will be needed during the demobilization of war industry and the armed forces, later readjustments to peacetime conditions, and the more remote future. If the program is to fulfill the anticipations and expressed desires of those who look to it—on battle fronts abroad and in homes and factories within our own borders—such consideration is needed now. The following pages outline in brief and general terms the areas in which, in the opinion of the Board, the program must be extended, changed, or implemented if it is to play its part now and in the years just ahead.

Social Insurance

A comprehensive system of social insurance would include provisions to compensate part of the involuntary loss of earnings experienced by the working population for any common reason beyond the control of individual workers. Such reasons may be grouped into those which cause prolonged or permanent loss of earnings—old age, death, and permanent disability of the wage earner, and those which cause more or less temporary interruption of earnings—unemployment and sickness. An approach to both types of risks is made under the Social Security Act through the provisions for old-age and survivors insurance and for unemployment compensation. In the opinion of the

Board, the existing measures need revision and extension. The act contains no provision for offsetting wage losses due to sickness and disability except those incurred in old age.

Old-age and survivors insurance.—The fundamental limitation of this Federal insurance program is its restriction of coverage, the extent and character of which have been outlined in earlier pages. The Board believes that the wartime situation gives particular urgency to its recommendation that coverage be extended to agricultural workers, domestic workers in private homes, employees of nonprofit organizations, and self-employed persons. The high levels of current employment and earnings now would make it possible for many workers to pay contributions and thus gain insurance rights which they may not be able to acquire in future years, in particular the older workers who may be in need of retirement provision when the war ends and younger men return to civilian life. Extension of coverage would not entail serious administrative difficulties. For appropriate groups, it might be effective to use a stamp system, under which employers purchase stamps at post offices or from rural mail carriers to place in a book which evidences the contributions made by workers and employers. Extension of the basic protection of old-age and survivors insurance to public employees—Federal, State, and local—would also be feasible and would round out insurance protection of survivors, now lacking to nearly all these employees, and provisions for old-age retirement, now unavailable to many, and would assure continuity of rights. Extension should be made in such a way as not to endanger any rights of these workers under existing special systems and to increase, not lessen, the total insurance protection available to them.

An immediate problem related to coverage arises from the situation of the millions of persons now in the armed forces. Because of the eligibility provisions and the method of computing benefits under the program, the insurance protection which servicemen and women may have acquired before their induction will be partly or wholly used up, and the amount of potential benefits payable to them or to their survivors will diminish. Servicemen and women have protection against death while in service, or after service from service-connected causes, in the form of benefits provided under veterans' legislation; in some cases, survivors of veterans who die while in service will be eligible for both veterans' benefits and old-age and survivors insurance benefits. After discharge from service, however, many veterans will be without any survivorship protection in the event of death from non-service-connected causes. The problem with respect to veterans who live to retirement age is less acute, since very few who leave military service after the war will be ineligible for old-age and survivors insurance benefits because of their military service, and, though benefit amounts will be somewhat reduced in all

cases, the amount of the reduction will be small. Moreover, the great majority of the present members of the armed forces will not reach retirement age for many years. As a solution to the problems with respect to the armed forces, the Board recommends the adoption of provisions which will equitably protect potential insurance rights developed before entrance into the armed forces and which will give equitable wage credits based on periods of national service in lieu of private employment. Such provisions should be accompanied by appropriate arrangements to reimburse the insurance system out of general funds of the Treasury.

The Board is also prepared to offer recommendations with respect to changes in the present program which would strengthen its protection and remove certain anomalies, inequities, and administrative complexities. Among changes to improve adequacy are those which relate to the age at which benefits become payable to women, the amount and conditions for payment of parent's benefits, the conditions for payment of lump-sum death benefits, the maximum amount of all benefits payable with respect to the wages of an insured worker, and the recomputation of benefit amounts after an application for primary benefits has been filed.

Since wives are ordinarily younger than their husbands, the qualifying age of 65 for receipt of a wife's benefit often works hardship on aged couples when the husband must or wishes to give up work on reaching retirement age, while the benefit for his wife is not payable until several years later. There is little doubt that the proportion of women who are unable to engage in regular employment at age 60 is larger than the proportion of men at age 65. A minimum qualifying age of 60 years, rather than the present 65, would therefore be desirable for wives of primary beneficiaries, for women workers who claim benefits in their own right, and for widows of insured workers.

At present, benefits to children aged 16 and 17 must be suspended if the child fails to attend school regularly and attendance is feasible. Since ordinarily it is found that school attendance is not feasible for the older children who are not in school, the Board recommends deletion of this requirement, which results in a large number of fruitless investigations.

Unemployment insurance.—The course of events since Pearl Harbor has emphasized what had become increasingly evident in prior years—that employment and unemployment are no respecters of State lines. When the social security program first came under discussion, it was argued that establishment of State systems for unemployment compensation would afford an opportunity for experimenting in different types of unemployment insurance and for adapting State systems to the widely varying economic conditions of the different

States. It was also pointed out that the Federal-State system itself should be regarded as an experiment. Both the present world situation and the results of 4 years' full operation of all State programs now make it urgent to evaluate experience.

Serious administrative complexities are inherent in the present basis of operation because of the duplication of effort on the part of various Federal and State agencies concerned with the collection of contributions and maintenance of wage records for social insurance purposes. The multiple system of tax collection is unduly costly in terms of public expenditures and expenses of employers for tax compliance. Nearly all establishments are subject to Federal contribution for old-age and survivors insurance, the Federal unemployment tax, and contributions under one or more State unemployment compensation laws. On the other hand, some small employers are not subject to the Federal unemployment tax, though liable for Federal old-age and survivors insurance contributions and unemployment contributions under State law. A few are subject only to the last and not to any Federal tax. When an employer is taxable by both Federal and State governments, the respective coverage does not necessarily relate to the same employees or the same amounts of wages. An interstate employer may be required to make reports to several different States on different forms, under different instructions, and at different rates. He may not be sure in which State a worker is covered. Triplicate tax collections must be made—by the Federal Government for the two Federal insurance taxes and by the State unemployment compensation agencies. Duplicating wage records are necessarily maintained by the Federal Government for purposes of old-age and survivors insurance and by the State unemployment compensation agencies.

Difficulties and conflicts in administration also result from the present division of responsibilities for unemployment insurance between the Federal Government and the States. Federal grants to States under the Social Security Act supply the total costs of "proper and efficient administration" of State laws. The State agency is responsible for administering the State law; it spends Federal money without responsibility for providing the funds. The Social Security Board must ascertain that the funds have been used in accordance with the terms of the Federal law, yet it lacks authority to prescribe methods which have proved economical and efficient without infringing on the responsibility of the State. Appropriate discharge of the responsibility of one agency almost inevitably conflicts with the responsibility possessed by the other.

Of greater importance is the increasing evidence that the Federal-State system results in great diversity in the protection afforded against the risk of unemployment. Development of unemployment

insurance under the 51 separate laws of the States and Territories has resulted in serious discrepancies in the adequacy of the provisions for unemployed workers in various parts of the country. It has also resulted in a segregation of insurance reserves under which there is a possibility that some States may become insolvent while other States have unnecessarily large reserves. The variations in contribution rates now permissible under the Social Security Act through State provisions for experience rating place disproportionate burdens on employers in interstate competition and set a penalty on the efforts of any particular State to improve its benefit standards and a premium on measures to restrict payments to workers.

In the opinion of the Social Security Board, these and other discrepancies, complexities, and lacks in the existing Federal-State program all lead to a single conclusion—that the origin and character of mass unemployment and of measures to combat it are such that responsibility for unemployment insurance cannot safely be divided among 51 separate systems. Evidence accumulates daily on the extent to which the tides of employment and unemployment are governed by Nation-wide or world-wide conditions. The conditions of employment within the United States are and will be governed largely by circumstances which only the Federal Government can influence—for example, policies concerning the cancelation of war contracts and demobilization of the armed forces. Because of the differences in size and economic structure, the States are not equally sound financial units for unemployment insurance purposes. To ensure payments of benefits to qualified unemployed workers in any part of the country, reserves segregated in 51 funds must be far larger, in the aggregate, than would be necessary if the total were available to pay benefits wherever the claims originated.

The early discussion of adapting unemployment insurance to the particular conditions of a State overlooked the fact that variations in wage scales, types of industry, risks of unemployment, and other important factors are at least as great within States as among the 51 jurisdictions participating in the present program. A national system under which benefits are a proportion of wages, as is the case under the Federal old-age and survivors insurance system, effects an automatic adjustment of benefit payments to differences in pay scales in different areas. Present differences among the States in coverage, benefit provisions, and assets available for benefits bear little consistent relation to underlying economic differences.

The Board therefore is of the opinion that administration of unemployment insurance should be made a Federal responsibility in order to gear unemployment compensation effectively into a comprehensive national system of social security. Only Nation-wide measures to counter unemployment can be effective when the need arises

for swift and concerted action to harmonize insurance activities with national policy during the change-over of our economic system to peace. At that time, any need for quick and unforeseen changes obviously can be met far more effectively by Nation-wide policy and by a single act of Congress than through the action of 51 administrative agencies and the necessarily cumbersome process of amending as many separate laws.

Even if the special stresses of post-war years were not impending, the Federal-State basis of the unemployment compensation program would have merited reconsideration and revision at this time. The actual course of its operation during a relatively favorable period of years has given no indication, in the opinion of the Board, that it possesses the advantages which it was hoped thus to achieve; on the contrary, experience has marshaled impressive evidence of its flaws and shortcomings. Incorporation of unemployment insurance in a unified national system of social insurance would result, the Board believes, in a program far safer, stronger, and more nearly adequate from the standpoint of unemployed workers and the Nation, and would permit more economical and effective methods of administration.

Losses and costs of disability.—Loss of earnings from permanent and total disability has been widely accepted in other countries, and under retirement plans in this country, as a risk paralleling loss of earnings in old age. The worker who is permanently disabled in youth or middle age is in very much the same situation as the worker incapacitated by age, except that his need for insurance may be even greater because he has had less time to accumulate savings while his responsibilities for family support are likely to be greater. The Board recommends that insurance against permanent total disability be incorporated in the Federal system of old-age and survivors insurance and extended to all covered by that system under provisions, including benefits to dependents, which would follow the general pattern of this Federal program.

Cash benefits for temporary sickness and the early period of disabilities which may later prove permanent would strike at another serious cause of poverty and dependency. The Board believes that such provision is a feasible and needed adjunct to the social security program. Compensation of disability would be most effective and also most readily administered if provisions for both types of benefits were coordinated, so that the worker who had received the maximum number of weeks of benefits for temporary disability and was still incapacitated could continue to receive compensation, with appropriate adjustment of levels of benefits to the duration of disability. A unified system of disability compensation merits careful consideration.

Costs of medical care, as has been pointed out, are a peculiarly appropriate field for insurance provisions, since the problem does not

lie in the average annual cost but in the uneven and unpredictable incidence of a risk to which nearly all the population is subject. These costs, as well as losses of earnings, constitute an important direct factor in causing dependency. Moreover, there is impressive evidence that the barrier of currently meeting costs of medical care keeps many individuals from receiving services which might prevent or cure sickness and disability and postpone death. From the standpoint of the general welfare and of safeguarding public funds for insurance, assistance, and public services provided in dependency, the Board believes that comprehensive measures can and should be undertaken to distribute medical costs and assure access to services of hospitals, physicians, laboratories, and the like to all who have need of them. For all groups ordinarily self-supporting, such a step would mean primarily a redistribution of existing costs through insurance devices. It should be effected in such a way as to preserve free choice of doctor or hospital and personal relationships between physicians and their patients, to maintain professional leadership, to ensure adequate remuneration—very probably, more nearly adequate than that in customary circumstances—to all practitioners and institutions furnishing medical and health services, and to guarantee the continued independence of nongovernmental hospitals.

A comprehensive unified system of social insurance.—The present recommendations of the Board would result in the establishment of a single comprehensive system of social insurance with provisions for compensating a reasonable portion of wage losses due to unemployment, sickness and disability, old age, and death, and a considerable part of the expense of hospital and medical services. It is believed that all these types of insurance should include specific provisions not only for the insured worker himself but also, as is now the case in old-age and survivors insurance, for his wife or widow and his dependent children. The system should cover all persons who work for others, including the large groups of agricultural and domestic workers now almost wholly without social insurance protection and, except probably for unemployment compensation and temporary disability insurance, farmers and other self-employed persons. It is difficult to extend insurance against unemployment or temporary disability to self-employed persons, because of the problem of determining whether interruption of work has resulted in loss of income.

A unified system which is comprehensive with respect to both the risks and the population included would close the gaps and obviate the overlaps that result from variations and restrictions in the multiplicity of existing Federal, State, and local provisions for social insurance purposes. This result would be of special importance not only in ensuring protection for workers who now lack any insurance coverage, but also for improving the levels of benefits for those whose

employment has been partly outside the coverage of a given system and those whose covered employment has been interrupted by periods of unemployment or disability. It would be feasible to remedy the disparities and inequities in benefits of different types, gearing all benefits to levels of earnings and presumptive requirements, with respect both to the short or long-term character of the risk and the worker's family responsibilities.

A comprehensive national system, moreover, would make possible much greater simplicity and economy in operation. One system for collection of contributions would suffice. One employer report and one set of wage records would supply the information needed for computation of benefits. One local administrative office could maintain contacts with workers, claimants, and employers, with respect to all the types of insurance. Administration of such a system should, in the opinion of the Board, be decentralized, with advisory councils and appeals boards in the several States.

The costs of a comprehensive system are not great in relation to the return to be anticipated in national and individual protection and the alternative costs now borne directly and indirectly by individuals, employers, and the general public. For at least the first decade, the current cost for all types of the benefits mentioned above would be more than met by a rate of 12 percent of covered earnings for employers and employees combined, as compared with the combined standard rate of 7 percent payable by employers and workers for insurance programs under the Social Security Act beginning January 1944. If the total is divided equally between employers and workers, there would be an increase from 5 percent to 6 percent in the basic employer rate and from 2 percent to 6 percent in the rate for employees. The 4-percent increase for employees does not exceed the present average annual cost of medical care among wage-earning families, without allowance for the uncompensated wage losses they experience from such causes and other contingencies for which the system would provide. When account is taken of the increases already scheduled in the Federal Insurance Contributions Act by 1949, the proposed 12 percent would mean no increase in employer rates and an addition of 3 percent of wages for employees. If all employees were covered and, except for unemployment and temporary disability insurance, all self-employed persons, future costs of public assistance would be considerably lightened.

Since a rise in current expenditures for old-age and survivors benefits is to be anticipated for some decades to come and a similar cumulating increase would occur in long-term benefits for permanent total disability, the rate of 12 percent may become insufficient after a decade or more to meet total benefit expenditures under such a program. The

Board recommends that any costs in excess of 12 percent should be met by a Federal contribution to the system, and that eventually employers, workers, and the Federal Government should each bear one-third of the cost.

The Board believes that social insurance is essentially national in character. In the course of a working lifetime, many individuals move from State to State. Congress determined that the maintenance of lifetime records of earnings, among other considerations, pointed to the desirability of a national system of old-age and survivors insurance. Similar problems would be involved in the long-term risk of permanent total disability. Experience in the operation of the Federal-State unemployment compensation system has made it clear that protection of current-risk programs is weakened by segregation of separate State funds and that administrative complexities and costs are increased by the existence of separate State systems. Since the cost of social insurance is met in considerable part from pay rolls, the presence or absence of particular insurance programs and differences in the rates of contributions for existing programs both serve to create unfair interstate competition when programs are on a State basis.

The Board is not unmindful that the program here proposed would entail modifications of many existing arrangements for social insurance and related programs as well as the establishment of new mechanisms in areas where none now exists. It has given study and thought to many of the particulars which would be involved in implementing this plan or some modification of it, and is prepared to offer more specific information and recommendations should these be desired by the Congress.

Public Assistance

In public assistance, as contrasted with social insurance, the Board believes that there is a strong presumption in favor of State programs. The costs of assistance are met from general revenues, rather than on the basis of pay rolls, and payments are made on the basis of current individual need. Since, however, the Federal Government shares assistance costs under the Social Security Act, it must be concerned that the basis and extent of Federal participation are such as will effect the purpose of the social security program.

Special types of public assistance.—The most serious lack in operations under present provisions of the Social Security Act is that evidenced by inadequacies of assistance in many collaborating States. A major factor underlying this situation, as has been pointed out, is the uniform-matching basis of Federal grants for the needy aged, children, and the blind, in combination with the inequalities in State resources for assistance. The present basis of Federal financial participation has not served effectively to diminish State differences in the

availability of assistance to needy persons; at its worst, it has heightened these differences in some respects. The Board therefore recommends consideration of a variable-matching basis, under which the Federal grant-in-aid would cover more than half the total cost in States which themselves have only small economic resources.

The studies made by the Board during the past 8 years lead to the conclusion that State per capita income, as indicated in annual estimates now prepared regularly by the Federal Government for other purposes, affords a reasonable basis for objective measurement of State differences in economic and fiscal capacity. It might be found feasible, for example, to continue the Federal grant at 50 percent of expenditures under an approved State assistance plan for States in which per capita income is at or above the national per capita. When average income in a State is below the national average, the Federal grant to the State might be increased accordingly. For example, if per capita income in a State is only half that in the country as a whole, the Federal share in assistance costs might be twice that of the State.

It would be appropriate to require, as a condition of Federal grants, that the States themselves make similar adjustments among localities which share assistance costs under Federal-State programs. The Board also believes that it would be reasonable to require, as a condition of approval of the State assistance plan, elimination of State residence requirements for recipients of assistance. Legal settlement in a locality has long been a characteristic condition of eligibility for older forms of public aid since, typically, all costs of relief were met by localities. The Social Security Act specifies maximum State residence requirements which may be imposed in a State plan that is approved by the Social Security Board, and that some State funds be provided even though there is local financial participation. If an increased part of the total assistance cost is borne by Federal funds, it would seem reasonable to eliminate State residence requirements.

Among the three assistance programs now maintained under the Social Security Act, the gravest inadequacies are in aid to dependent children. Studies of the Board lead to the conclusion that need among children is at least as great as that among the aged, while aid actually given for children is only a fraction of that for the aged in terms of either the number of recipients or the total amounts. Serious limitations in the availability of Federal funds for needy children arise under two conditions of the Federal act: the restriction in the situations in which Federal matching funds may be used and in the amounts of individual payments to be matched. The Social Security Board recommends that Federal funds under the Social Security Act be available for use under approved plans for children

who are needy for any reason whatever, not merely, as at present, for those who have been deprived of parental care or support by reason of the death, absence, or incapacity of the parent. The Board also recommends elimination of the Federal maximums, under which matching Federal funds now can be used only within the limits of \$18 a month for the first child and \$12 for each additional child aided in the same home. States may and do provide larger amounts when they are able; in the latter half of 1942, total Federal funds for aid to dependent children represented only 67 cents per dollar of total State and local funds, in contrast to 99 cents for old-age assistance and 92 cents for aid to the blind. The limitation of Federal matching, however, has restricted aid to children in States which have been unable or unwilling to assume the whole cost of adequate payments; in many instances, these are the States with only small resources and relatively large numbers of children in their population.

At the present time, matching funds may not be used in payments to needy children aged 16 and 17 unless the child is attending school regularly. The Board believes that the requirement of school attendance should be eliminated. Suitable schools for older children are lacking in some areas, and for other reasons school attendance may not be feasible or even desirable.

Under all three assistance programs a serious lack arises from the fact that matching Federal funds may not be used to meet costs of medical care given to recipients, except as such costs can be included in the monthly payment to the recipient without restriction of any part of that payment for this particular purpose. The unpredictability and unevenness of medical costs and the maximum on the amount of Federal matching, as well as the limitations of State resources, necessitate a more flexible method of meeting medical needs of persons receiving assistance. In many instances, such care might aid recipients in regaining self-support and thus lessen or obviate their need for continued assistance; about one-third of the children accepted for aid are in need because of the physical or mental incapacity of the parent, and about one-fourth of the persons receiving aid to the blind in the 20 States for which this information is available could profit by some type of medical treatment to improve or conserve vision.

The Board recommends that matching Federal funds be made available to pay medical agencies and practitioners for the costs of medical services and supplies provided for recipients of assistance. Federal reimbursement might well be based on combined costs incurred within a State for medical services to recipients under all assistance programs. If arrangements are adopted for medical services to be provided through a comprehensive social insurance system, State assistance agencies could collaborate effectively with the

insurance authorities by making equitable payments so that these services would be available to assistance recipients under whatever arrangements had been developed with physicians, hospitals, and others to furnish services for the insured population.

General assistance.—General assistance is now the only financial recourse for needy incapacitated adults other than the aged and the blind and for families which depend upon marginally employable persons, whose earnings are insufficient to meet unusual strains on family income and whose rights, if any, to unemployment benefits are usually meager. It is used to meet many types of need arising from inadequacy of individual payments for the special types of assistance, gaps in the coverage of social insurance programs or inadequacy in the amount or duration of individual benefits, and risks for which there still is no insurance provision. At present, general assistance is administered by some 10,000 local units and, in considerable part, from only local resources.

Any decline in levels of employment may be expected to squeeze out the workers with the least skill and experience and hence the least likelihood of having insurance rights or savings. Wartime activities have been developed in many areas which are without local resources to meet the needs of families and individuals who would be stranded by any curtailment of these activities. Other communities which have benefited little from present economic conditions will be called upon to meet the needs of families stranded elsewhere without jobs or returning without funds to weather the period of readjustment. The present financial structure of general assistance in the United States and the legal and administrative arrangements which necessarily have been erected on this structure have proved unable to cope with demonstrated needs in many parts of the country.

The Board believes that Federal participation in general assistance, through matching Federal grants to the States under certain general conditions such as those provided for the special types of assistance, would go far toward remedying present deficiencies and toward effecting a unity and flexibility in public assistance as a whole which will be needed in coming years and the more distant future. It therefore is recommended that such grants be authorized under the Social Security Act.

The Need for Present Action

The security of a people rests upon all measures which enable individuals to live out their lives with personal satisfaction and independence—both those which protect the integrity and progress of the Nation as a whole and those which assure individual opportunities for health, education, work, and personal freedom. The

area of responsibility delegated to the Social Security Board is a small, though basic, part of this whole. The proposals here outlined represent, in turn, a practicable minimum basis for equipping our social insurance and public assistance programs to play their part in the years just ahead.

It goes without saying that the American people prize most the security wrung from work and individual effort. Such effort and public and private action to assure the utmost expansion of work opportunities have been assumed throughout the preceding discussion as the foundation of all systematic measures for social security. These measures constitute, on the one hand, a device to aid the orderly progress of economic development and, on the other, a means of caring for economic casualties. It would be as unrealistic to assume that such casualties will be lacking in the better peace we hope to achieve after this war as it would have been to send out our armed forces without provision for the men who are wounded or become sick or disheartened under the stress of battle. As in a campaign of war, so in the campaign against insecurity it is not always possible to tell just where or when the greatest stress will come. We do know, however, the nature of the dangers which confront us and the general character of the weapons we can bring to bear against them. To fail to have such weapons in readiness is to invite needless suffering and disillusionment among the millions in our fighting forces, our factories, farms, mines, shops, and homes.

In the opinion of the Board, the present time is singularly auspicious for strengthening and extending our system of social insurance and assistance. With employment and earnings at record levels, millions of workers can and want to contribute toward making better provision for future contingencies in the form of social insurance against sickness, disability, unemployment, and old age. For many older workers, such an opportunity may not come again. The additional savings which workers could make now in the form of social insurance contributions are of particular importance, since for those who suffer the risk, the protection of insurance is far greater than that which they can make for themselves through individual savings, while all have potential protection. By creating a reservoir of future purchasing power, to be drawn upon where and when it is needed, the extension of social insurance to additional groups of workers and additional risks would add substantially to the Nation's resources for weathering the inevitable readjustments of the post-war years. At the same time, increases in insurance contributions would lessen current inflationary pressures. The adjustment to higher contribution rates on the part of employers can be made far more readily now than at any time during the past decade and more or, so far as can be foreseen, in the years just fol-

lowing the war. A unified social insurance system would provide a comprehensive and flexible means of coordinating policy and action in this field with other governmental measures and with national programs of business and industry in effecting the transition to peace. It would make it possible for workers and employers to underwrite future contingencies which otherwise will have to be met, in many cases, through emergency aid.

At the same time, provisions to ensure adequate assistance to persons in need are urgently required. It is not now available in all parts of our country in even this period of wartime activity, and the end of the war may find many States hard-pressed to alleviate distress in communities and among groups whose way of life is suddenly changed. The recommendations of the Board envisage, primarily, methods of helping to improve levels of assistance in States which have small economic resources and to give the assistance program a needed flexibility through Federal grants to States for general assistance. These measures, the Board believes, are a necessary adjunct to even a comprehensive and well-established social insurance system. They are the more necessary in view of the fact that, at best, a considerable part of our population has had little or no opportunity to acquire any insurance rights to cover the economic risks common among workers' families, while the post-war readjustment will bring many additional problems.

It was not until 4 years after the Social Security Act became law in 1935 that unemployment insurance was in effect in all States in the Union, and more than 4 years before the first old-age benefits were payable. Wage records had to be set up, reserves accumulated, and an administrative organization established. After some 8 years, not all States yet have all three assistance programs in operation. The process of establishing social provisions which affect the lives of millions of people is necessarily slow if progress is to be sound, well-considered, and economical. At the present time, the social security program is the richer for the past years of effort and has resources in experience, training, organization, and methods tested by actual operation. Even so, however, it will take time to effect whatever provision the Congress finds desirable to correct past deficiencies and strengthen the program to meet future stresses. Whether one believes that the war will end in one year or five, the time in which to build a stronger system of social security is short in view of the character of the changes and readjustments we confront as individuals and as a people.

• II •

Insurance and Assistance Under the Social Security Act

OLD-AGE AND SURVIVORS INSURANCE under the Social Security Act is far more comprehensive in coverage than any other public program in the United States for social insurance protection. Because this system is relatively new, however, payments in June accounted for only a minor part of total payments to retired workers and to the survivors of workers covered by social insurance and related public measures. Apart from the much smaller Federal system for railroad workers, the only significant unemployment insurance program in the United States is that established under the Social Security Act and approved State laws. Likewise, public assistance provided under the Social Security Act by the Federal Government and collaborating States represented at the end of the fiscal year nearly seven-eighths of all public aid in the United States.

Social Insurance in 1942-43

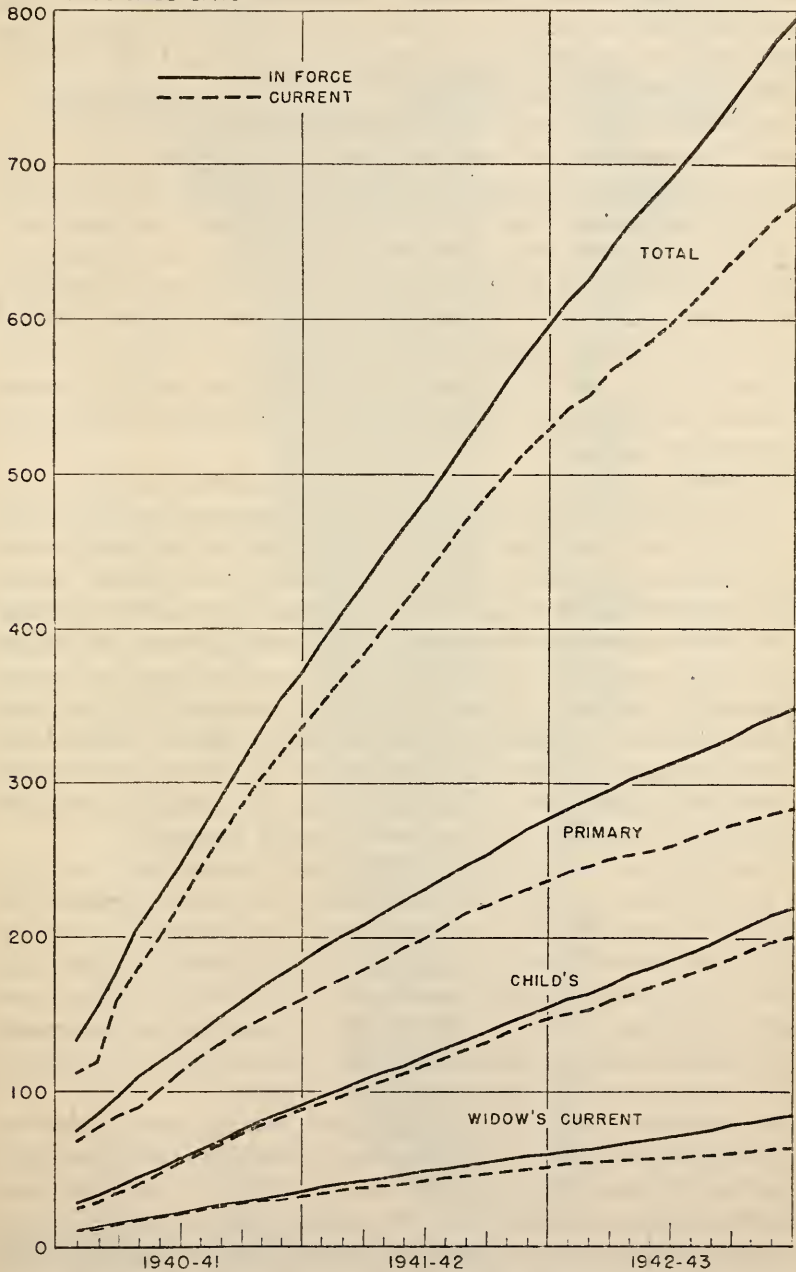
Total benefit payments under Federal old-age and survivors insurance in the fiscal year 1942-43 continued the rise to be anticipated at this early stage in the development of the program, though the increase of one-third from the preceding year was less than would have been expected under peacetime conditions. Total benefit payments under State unemployment compensation laws were less than half the amount in 1941-42. Under both programs there were large increases in the volume of covered employment and contributions.

Insurance Beneficiaries

Old-age and survivors insurance.—At the close of the fiscal year 1942-43 monthly benefits were in current-payment status for 676,000 beneficiaries, of whom 284,000 were workers who had retired from covered employment at age 65 or over; 84,000 were wives aged 65 or over of these retired workers; 202,000 were young children of retired or deceased insured workers; 38,000 were widows aged 65 or over and 65,000 were younger widows with young children of deceased workers in their care; and 3,000 were aged parents who had been dependent upon deceased workers leaving no wife or child. Of the beneficiaries who received monthly payments in June, 44 percent were survivors of deceased workers, 42 percent were retired workers, and 14 percent were receiving supplementary benefits as aged wives or young children of retired workers. The total number of monthly beneficiaries who

Chart 10.—Number of old-age and survivors insurance benefits in force and in current-payment status, by type of benefit, July 1940–June 1943

THOUSANDS OF BENEFITS



received payments was 28 percent higher in June 1943 than in June 1942; the number of retired workers and supplementary beneficiaries had increased only 19 percent, while the rise in the number of survivor beneficiaries was 41 percent. Lump-sum payments were made during the year on behalf of 118,000 workers who died fully or currently insured and left no survivor who was eligible for benefits for the month in which death occurred.

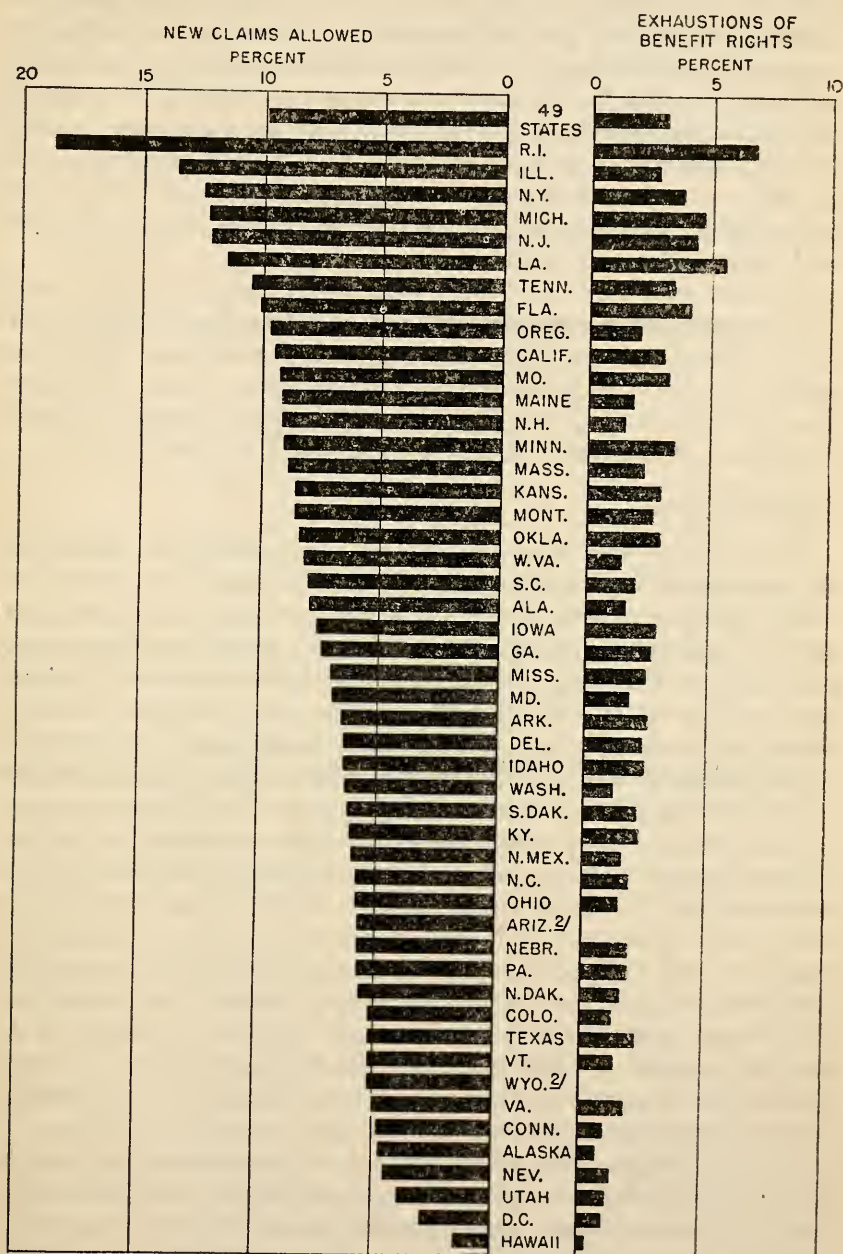
Beneficiaries receiving monthly payments in June represented only about 85 percent of those to whom benefit awards had been made, since some benefits were in deferred or conditional-payment status pending the beneficiary's retirement from covered employment or compliance with other provisions of the act. Of benefits not in current-payment status, 78 percent were withheld because the beneficiary was receiving covered earnings, and 14 percent were supplementary benefits withheld because of the covered employment of the primary beneficiary. Probably many of the 5,000 children whose benefits were withheld because of failure to attend school regularly were also working in jobs covered by the system.

Withholding of benefits because of covered employment fails to show the full extent to which persons eligible for payments under the old-age and survivors insurance program have chosen to continue at work. As of the end of the fiscal year, it is estimated that 600,000 insured workers aged 65 or over had not filed claims for monthly benefits; current work opportunities and wage rates probably made it possible for a substantial proportion of these workers to postpone retirement. Perhaps a third or more of these workers have wives eligible for wife's benefits, and some doubtless have children under age 18. Other beneficiaries currently receiving monthly benefits may be at work in non-covered employment such as agriculture, since wages from excluded employments cause no interruption in benefit payments.

Unemployment compensation.—High employment levels throughout the fiscal year reduced the total number of unemployment compensation beneficiaries from 3.2 million in 1941-42 to 1.2 million in 1942-43, the lowest number for any of the 4 fiscal years for which this figure is available. Except for July 1942 and January 1943, each month of the fiscal year recorded a decline from the previous month in the average weekly number of beneficiaries, and by June 1943 the number was less than one-fifth that for June 1942.

The number of weeks of unemployment compensated in 1942-43 was also the lowest on record—less than one-half the total for 1941-42 and hardly more than one-third that for 1940-41. In 7 months in 1942-43, moreover, the decline in the total number of weeks of compensated unemployment was greater than the drop in average weekly number of beneficiaries, indicating a shorter period of unemployment for the majority of beneficiaries. For the year as a whole, however,

Chart 11.—Ratio (percent) of net new claims allowed and exhaustions of unemployment benefit rights, 1942, to workers with 1941 wage credits, by State¹



¹ Excludes Indiana and Wisconsin; data not comparable.

² Data for exhaustion of benefit rights not comparable.

approximately 11.4 weeks were compensated per beneficiary, as compared with 9.9 weeks in 1941-42 and 10.8 weeks in 1940-41. During these years many States have increased the duration of benefit payments by shortening the waiting period, increasing the fraction of wages used to determine individual duration of benefits, or establishing uniform duration for all eligible claimants. Increases in wages in covered employment have also served to raise the duration of benefits to which individuals may be entitled. The number of cases in 1942 in which a worker exhausted his rights to benefits represented 40 percent of all first payments in the year, with ranges from 16 percent in Alaska to 66 percent in Louisiana.

Workers who drew benefits in 1942-43 represented about 1 in 40 of all workers with unemployment compensation wage credits in the calendar year 1942; in the preceding year, beneficiaries had represented about 1 in 10 workers with wage credits. Among the States, these ratios in 1942 ranged from 1 in 400 in Hawaii and 1 in 300 in Nevada and Wyoming to about 1 in 20 in New York and Illinois.

Benefit Payments

In general, persons who give up work permanently can adjust their living expenses to somewhat lower levels than those who are temporarily unemployed and continue to search for work. In either event, social insurance benefits, though geared to the worker's previous wages, must be lower than wages, both to conserve limited funds and to leave incentive to work. In 1942-43, unemployment benefits averaged \$13.08 per week of total unemployment compensated. In terms of monthly compensation for wage loss, this average would mean \$54 a month for total unemployment, as compared with the average of \$23.23 a month for primary old-age insurance benefits in current-payment status in June 1943, and with the average payment in that month of \$24.67 for old-age assistance. If the primary beneficiary had a wife aged 65 or over, the average supplementary payment to which she was entitled brought the family income from the old-age and survivors insurance program to \$36.62 a month, and an entitled child brought this total to about \$48.00. In 1942, one-third of the benefits awarded to 99,600 primary beneficiaries initially or subsequently carried supplementary awards for a wife, and nearly 5 percent of these primary beneficiaries had one or more entitled children.

Under all State laws, unemployment, to be compensable, must be due to lack of suitable work; old-age retirement, however, particularly in times of ample work opportunities, is voluntary except for workers who are physically or mentally incapacitated. Studies of the Board indicate that the majority of the primary beneficiaries currently receiving payments are more or less incapacitated for work, and that unemployment benefit rolls are heavily weighted with older

workers, handicapped persons, and women who have followed their husbands to Army camps or industrial centers.

Old-age and survivors insurance payments.—Of the \$155.7 million certified for payments to individuals under the old-age and survivors insurance program in 1942–43, primary and supplementary monthly retirement benefits accounted for 57 percent; monthly payments to survivors of insured workers represented about 32 percent; and lump-sum payments on behalf of deceased workers accounted for 11 percent. During the year, the total monthly amount of primary-benefit certifications increased 30 percent; for supplementary benefits the rise was 27 percent; for survivor benefits, 50 percent; and for lump-sum payments, 17 percent.

State differences in the coverage of the system, due in large part to the exclusion of agricultural earnings, are apparent in the relative amounts of total payments in the various States. For the United States as a whole, payments certified in 1942 represented \$1.16 per capita. The range among the States was from \$1.87 per capita in Rhode Island to \$0.30 in Mississippi, with 15 States¹ 10 percent or more above the United States average, and all but 6 other States² 10 percent or more below.

Levels of individual monthly benefits under the old-age and survivors insurance program vary relatively little among the States, because of the formula used in this Nation-wide system, which is weighted in favor of workers with low earnings, and because many workers who spend part of the year in agriculture have wages from covered employment too irregular or too small in amount to afford either currently or permanently insured status. The average primary benefit in current-payment status on December 31, 1942, ranged from \$24.88 in New Jersey to \$17.90 in Mississippi. The highest State was only about 39 percent above the lowest in the average primary benefit, while the differential in average taxable wages in 1941 was 147 percent.

About 35 percent of the beneficiaries to whom awards were made in 1942 were in family groups consisting of a widow and one or more children, with an average award of \$34.28 a month for a widow and one entitled child, \$46.38 for a widow with two entitled children, and \$50.52 for a widow with three or more. The average survivor benefit for aged parents was \$14.84 a month for the dependent parents of deceased male workers, and \$13.72 for those of female workers. Total awards to survivors of deceased workers increased 6 percent in amount from 1941 and constituted nearly 40 percent of all monthly awards under the program in 1942.

¹ California, Connecticut, Delaware, Illinois, Maine, Massachusetts, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Vermont, Washington, West Virginia.

² Florida, Indiana, Maryland, Michigan, Oregon, Wisconsin.

Questions of family relationship, which determine the validity of claims to supplementary and survivor benefits, can be settled only on the basis of the law of the State in which the claimant resides. In the absence of Federal law defining the status of common-law wife, adopted children, divorcées, separated couples, and parents, the Board must apply the diverse provisions of the laws of 51 jurisdictions. A child who might qualify for child's benefits in one State, thus making his mother eligible for widow's current benefits, may—through the hazard of residence—be disqualified if his rights have to be determined under the law of another State.

Unemployment benefits.—Total benefit payments in the fiscal year amounted to \$176.1 million, less than half the amount in any of the 3 preceding fiscal years. By June 1943, benefits paid were 80.4 percent less than in June 1942 for the 50 jurisdictions for which data are available, with declines ranging from 95.6 percent in North Dakota to 44.0 percent in Kansas. Unemployment benefits paid by California, Illinois, Michigan, and New York—the only States with fiscal-year disbursements amounting to \$10 million or more—accounted for 56 percent of the year's total for the country. These 4 States had 47 percent of all beneficiaries and 51 percent of all weeks compensated, but only 35 percent of the workers with unemployment compensation wage credits.

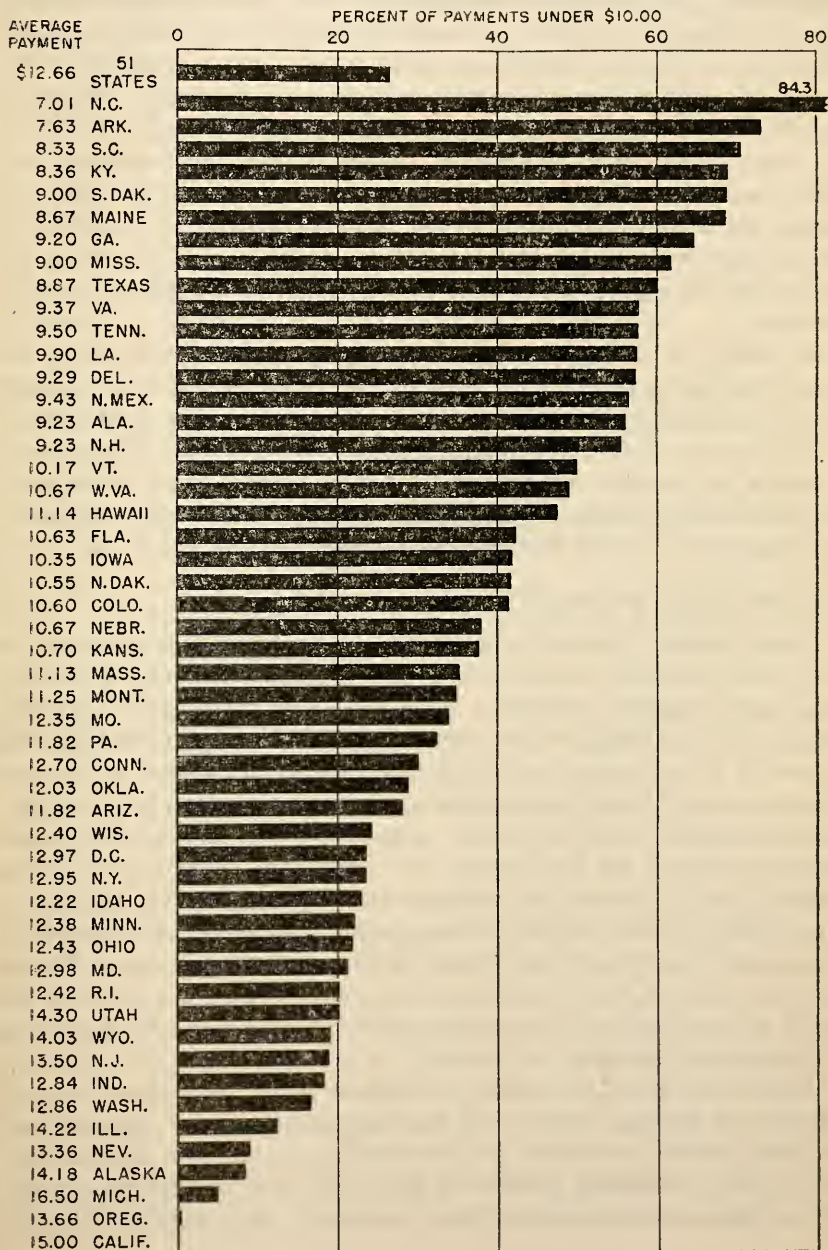
State differences in the volume of unemployment benefit payments arise not only from differences in the extent of unemployment and in wage levels but also from many provisions of the State systems. Among these variations are the length of the initial waiting period (1 week in 26 States and as much as 3 weeks in 1); maximum duration provisions (14 weeks in 1 State, 20 weeks or more in 14); minimum base-period earnings requirements (ranging from \$60 to \$300); minimum benefit amounts (from \$2 to \$10 a week); and maximum benefits (from \$15 in 26 States to \$22 a week in 1). Differences in the methods of computing benefit amounts (from highest quarter's wages in 43 States and from annual wages in 7 States), in the methods of determining maximum annual benefits (uniform in 15 States and varying with base-period wages or prior employment in the other States), and in the fractions utilized in the various formulas also effect wide variations. Only one law, that of the District of Columbia, makes any provision for persons dependent on the beneficiary, but the allowance is only \$1 for each of not more than three dependents of specified types with the same maximum (\$20) for claimants with or without dependents.

Benefit payments in the United States in 1942 averaged \$12.66 per week of total unemployment compensated. Weekly payments of less than \$5 accounted for 1.3 percent of all weeks of total unemployment compensated; weekly payments of \$5.00–9.99 accounted for 25.2 percent of the weeks compensated; payments of \$10.00–14.99 for 29.7 per-

cent; payments of \$15.00 or more for 43.8 percent. These national figures mask wide differences among States in the levels of payments (chart 12).

The adequacy of an unemployed worker's benefit depends not only

Chart 12.—Average weekly benefit amount and percent of payments under \$10 for total unemployment, by State, 1942



on the weekly amount but also on the length of time for which it is payable and especially whether or not the payments continue until he finds a job. Duration of benefits is affected by the interaction of the State's provisions concerning the weekly benefit amount, qualifying requirements, and minimum and maximum duration of benefits. Among the 37 States for which 1942 data are now available, the average potential duration of benefits to eligible claimants ranged from 20.0 weeks in Utah to 8.5 weeks in Kansas. The average actual duration of benefits, reflecting, among other factors, the reemployment of some claimants before benefits were paid and of many beneficiaries before rights were exhausted, ranged from 11.5 weeks in Alabama to 4.6 weeks in Oregon. Even in 1942, when demand for labor was expanding rapidly, large proportions of all beneficiaries exhausted benefit rights before they had another job. Among the 37 States there were 16 in which more than two-fifths of all beneficiaries exhausted all rights, while in 2 States benefit exhaustions were 57 percent.

In 1942, 1.6 million weeks of unemployment were compensated under interstate procedures, whereby the State in which a migrant worker is residing certifies his availability for work and transmits his claim to another State in which he has wage credits. Weeks compensated on interstate claims constituted 5.7 percent of all weeks compensated in 1942, and the amount of benefits paid on interstate claims represented 6.0 percent of all benefit payments in the year.

Covered Employment and Wages

As the result of the exclusion of agricultural labor, domestic service, and other excepted employments, the Federal old-age and survivors insurance program covered a little less than three-fourths of the total amount of wages and salaries received in the continental United States in the calendar year 1942. Because of additional exclusions based on size of firm, State unemployment compensation laws covered not much more than two-thirds. The proportion of 1942 wages and salaries covered by the old-age and survivors insurance program ranged from 87 percent in Connecticut to 39 percent in North Dakota. For the State unemployment compensation programs, the corresponding range was from 83 percent in Michigan to 27 percent in North Dakota; only 18 State unemployment compensation laws covered as much as two-thirds of the wages and salaries within the State, and in 10 States less than half was covered.

Even when account is taken of separate public provisions for employees of Federal, State, and local governments and for railroad workers, about one-seventh of the wages and salaries in 1942 carried no old-age retirement protection and more than one-fourth carried no credits toward unemployment insurance. Earnings are charac-

teristically low in major activities excluded from social insurance protection—agricultural labor and household service. Many of the persons classified as self-employed are farmers or shopkeepers and persons running small enterprises in which they themselves work for relatively small return. The proportion of all gainful occupation not included in various forms of social insurance protection is therefore greater than the proportions of excluded wages or earnings. While unemployment is not a readily measurable risk for persons who work for themselves, lack of provisions for old age and for protection of survivors is hardly less serious for these groups than for the wage earners still excluded from social insurance programs.

Old-age and survivors insurance.—More than 44.7 million workers were in employment covered by the Federal old-age and survivors insurance system at some time in the calendar year 1942. The number in each quarter of the year mounted sharply, from 33.6 million in January–March to 37.4 million in October–December. High levels of covered employment continued in the first half of 1943. The number of workers with covered employment in April–June 1943 was about 2 million above that in the same months a year earlier. The number of employers reporting taxable wages declined, on the other hand, from a high of 2.2 million in the last quarter of 1941 to less than 2.1 million in April–June 1943.

Taxable wages, which include only the first \$3,000 received by an individual from any one employer in a year for covered employment and therefore not necessarily total earnings in a covered job, amounted to \$52.6 billion in the calendar year, or an average of \$1,176 per covered worker; for the preceding year the total was \$41.8 billion and the average \$1,023. Beginning January–March 1940, taxable wages have increased in each successive quarter. The amount for April–June 1943 was \$16.5 billion, more than double that for the same months of 1940, before the national defense program got under way.

The distribution of covered employment and taxable wages—and hence of potential rights to benefits on the part of employed workers and members of their families—varied widely among the States in accordance with the relative importance of industry and commerce in the State economy. In 1941, the latest year for which these figures are yet available, 11 States, each of which had a million or more covered workers, accounted for 64 percent of the total coverage in the continental United States and its Territories and for 70 percent of all taxable wages. These States³ had 55 percent of the total population, as contrasted with 10 Southern States⁴ which had 20 percent of the population but only 14 percent of the covered employment and 9

³ California, Illinois, Indiana, Massachusetts, Michigan, Missouri, New Jersey, New York, Ohio, Pennsylvania, Texas.

⁴ Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee.

percent of taxable wages. The average taxable wage in 1941 ranged, among the States, from \$1,310 in Michigan to \$530 in Arkansas. In 16 States the average exceeded \$1,000, while at the other extreme were 9 States in which taxable wages averaged less than \$700. Differences in the average arise not only from differences in wage rates but also from the extent to which workers engage in covered employment throughout a year. For all those for whom taxable wages were reported in each of the 4 quarters of 1941, the average was \$1,425, while for workers with less than 4 quarters the average was only \$414.

Many workers with low and irregular covered earnings, including disproportionately large numbers of women and of Negro workers, fail to earn sufficient wage credits to become currently or fully insured. When a worker has a covered job for part of the year and works for the remainder on a farm or in other excluded employment, he may not be able to get or maintain insured status despite the contributions he makes while in covered employment and despite the fact that his total annual earnings would have qualified him if all his wages had been covered.

Though civilian labor shortages had been apparent before the beginning of the fiscal year and employee accounts had already been established in the wage-records system of the Board for a very large part of all persons with experience in the labor force, the number of new accounts established in 1942-43 was 8.3 million, as contrasted with 6.7 million in the preceding fiscal year. New applicants for accounts consisted largely of women and girls and boys below the age for military service. At the end of the fiscal year, approximately 72.4 million accounts had been established under this Federal system.

Unemployment compensation.—About 40.6 million workers, it is estimated, earned wages in employment covered by State unemployment compensation programs at some time during the calendar year 1942. This number was nearly one-tenth more than in 1941 and about one-fourth more than in 1940. Every State except North Dakota and Vermont reported more workers covered in 1942 than in the preceding year. Almost 880,000 employers were subject to State unemployment compensation laws as of March 31, 1943. In the calendar year 1941, the latest for which State figures are available, 44.1 percent of the average monthly employment covered by unemployment compensation was concentrated in 5 large States, with 13.6 percent in New York, 10.0 percent in Pennsylvania, 7.6 percent in Illinois, 6.7 percent in Ohio, and 6.2 percent in California. No other State had as much as 5 percent of the total, and 24 States had less than 1 percent.

Financing Insurance Programs

Throughout the fiscal year, employers and workers each contributed for old-age and survivors insurance 1 percent of wages paid in covered

employment, excluding amounts by which payments in a year to an individual by an employer exceeded \$3,000. These contributions, plus accumulated assets held in the old-age and survivors insurance trust fund and interest paid on investments of that fund, finance both benefit payments and administrative costs of the system. Employer contributions under State unemployment compensation laws, with a normal rate of 2.7 percent of pay roll in all States but one, were paid at various rates in a majority of the States because of the operation of State provisions for experience rating; in four States, employee contributions were payable during the fiscal year at rates ranging from 0.5 to 1 percent. Contributions, plus accumulated assets and interest on State deposits in the unemployment trust fund, are available to finance unemployment benefit payments. Employers subject to the Federal Unemployment Tax Act, after taking the specified credits against that tax for contributions which they had made to State funds or from which they had been excused by reason of experience rating, were liable for a tax of 0.3 percent, the receipts of which are covered into the general funds of the Federal Treasury. Costs of administering State unemployment compensation laws are met through grants of Federal funds made by the Social Security Board under the Social Security Act.

Old-age and survivors insurance.—Contributions collected for old-age and survivors insurance during 1942-43 totaled \$1.1 billion, an increase of 26 percent over the preceding year. Expenditures for benefit payments and administration rose 29 percent, to \$176.8 million. Total assets of the old-age and survivors insurance trust fund as of June 30, 1943, represented \$4.3 billion, of which \$4.2 billion was invested in Government obligations at an average interest rate of 2.258 percent. Costs of administering the system, which totaled \$27.5 million for the fiscal year, represented about 38 cents per employee account at the end of the year; the comparable cost for the preceding year was 42 cents.

The marked rise in contributions reflected, of course, the high levels of wartime pay rolls. Benefit levels were somewhat less than would have been anticipated in ordinary circumstances. The rise in accumulated assets, however, reflected, in large part, an increase which was to be expected in any event because of the recency of the establishment of the program; both assets and deferred obligations are cumulating for benefits which will eventually be paid to workers now below retirement age or to their survivors.⁵

Unemployment compensation.—The Federal Government acts as trustee for the contributions collected by State unemployment com-

⁵ For operations of the trust fund and estimates of income and disbursements during each fiscal year through 1946-47, see the *Third Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund*, Senate Committee Print, 78th Congress, 1st session, 1943.

pensation agencies and deposited in the unemployment trust fund in the Federal Treasury. In 1942-43, States deposited a total of \$1.2 billion in the unemployment trust fund, and interest totaling \$75.6 million was credited to the State accounts. Thus, while old-age and survivors insurance collections increased 26 percent over the preceding year, collections by State unemployment compensation agencies, which were based in general on the same wages, increased only 11 percent because of the operation of experience rating.

Total assets of the States as of June 30, 1943, including amounts in State clearing accounts and benefit-payment accounts as well as State accounts in the unemployment trust fund, aggregated \$4.0 billion, \$1.1 billion or almost 40 percent more than at the close of the previous fiscal year. Relative increases in State accounts for the year ranged from 153 percent in Nevada to less than 14 percent in Missouri. Among the States, the reserves as of June 30, 1943, ranged from \$100 or more per worker with 1942 wage credits in 10 States⁶ to \$50 or less in 6 States.⁷ All but 3 States have made some provision for maintaining until after the war the benefit rights of members of the armed forces who were formerly covered under their unemployment compensation laws.

Experience rating, in operation in 36 States by the end of the fiscal year,⁸ has markedly lowered State collections from what would have been paid under a uniform 2.7-percent rate. In the calendar year 1942, the average effective rate of employer contributions for the country as a whole was 2.1 percent, rather than the 2.7 percent set as the standard under all State laws except Michigan, which has 3.0 percent. As a result of experience-rating provisions in the 34 States in which these provisions were in operation in 1942, reductions in contributions from what would be obtained under a uniform 2.7-percent rate were as much as 67 percent in Delaware and from 50-63 percent in Hawaii, Ohio, South Dakota, and Texas; in only 8 of the 34 States was the loss less than 20 percent.

Since the decline in unemployment and the favorable experience of individual employers in the ratio of benefits to pay roll are due almost wholly to wartime expansion of industry, many States are concerned about the effect of reduced contribution rates for employers whose pay rolls have expanded greatly in the past few years and who may be expected to face sharp reductions when the war ends. During the fiscal year, 10 States⁹ adopted higher "war risk" contribution rates

⁶ Alaska, California, Connecticut, District of Columbia, Illinois, Kentucky, New Jersey, Ohio, Rhode Island, Wisconsin.

⁷ Arkansas, Florida, Mississippi, Nevada, New Mexico, Virginia.

⁸ Experience rating is scheduled for operation in 1943 or later in 9 additional States (District of Columbia, Idaho, Illinois, Maine, Maryland, Nevada, North Carolina, Pennsylvania, Tennessee).

⁹ Alabama, Florida, Illinois, Iowa, Maryland, Minnesota, Missouri, Ohio, *Oklahoma, Wisconsin.

which are applicable to some such employers. To the extent that these higher rates are passed on by employers to consumers, the Federal Government—the largest consumer of war-expanded products—will be called upon to bear a share of the cost of these war-risk contributions.

Interest payments on State accounts in the unemployment trust fund amounted to \$75.6 million in the fiscal year 1942-43. Federal grants to States to pay the costs of administering State unemployment compensation laws totaled \$36.5 million. For 5 months of the fiscal year—July–November 1942—the Social Security Board, under authorizations contained in the appropriations for title III of the Social Security Act, defrayed all costs of administering the U. S. Employment Service. As of December 1, 1942, this responsibility and the equivalent funds appropriated to the Board for the purpose were transferred to the War Manpower Commission. Collections made in 1942-43 under the Federal Unemployment Tax Act and covered into the Treasury as general revenue totaled \$158.4 million. The assets of the unemployment trust fund, including the railroad unemployment insurance account as well as the State accounts, were 39 percent greater at the end of June 1943 than a year earlier. Investments held by the fund on June 30, 1943, totaling \$4,367 million, were in Government obligations on which the average rate of interest was 1.891 percent.

Assistance Programs in 1942-43

For 6 years after the Social Security Act became effective, by far the largest part of the relief burden arising in the decade of depression and drought was met through Federal work programs and other federally financed measures. By the end of the fiscal year 1942-43, the liquidation of Federal work programs and the discontinuance of Federal aid to individuals through subsistence grants to farmers, food stamps, and direct distribution of surplus commodities had limited Federal participation in financing public aid to the three assistance programs under the Social Security Act, and the Federal share in total costs of assistance had become less than the total carried by the States and localities. Certain general requirements of the Social Security Act impose limits to the residence, citizenship, and age restrictions which a State may require, and establish other general conditions for operation of State programs under which Federal funds are made available for payments to the needy aged, dependent children, and the blind. Within these limits, there are wide differences among States in the coverage and adequacy of this Federal-State assistance—differences derived in part from State laws and policies and in part from variations in State ability and willingness to supply funds for assistance.

Recipients of Assistance

There were notable declines in 1942-43 in the number of recipients under all assistance programs, including programs for the special types of public assistance administered under the Social Security Act and similar programs maintained without Federal financial participation, as well as general assistance in which the Federal Government has no share. A drop in each program, except for aid to the blind, was registered in every month. Within the continental United States, old-age assistance rolls declined 4 percent over the year to 2,167,000 in June 1943. The number of families receiving aid to dependent children declined nearly 25 percent and the number of children about 20 percent, to 305,000 and 747,000, respectively. The number of recipients of aid to the blind remained nearly stationary at 79,000 for 7 months and stood at 78,000 for all but one of the remaining months of the year, with a decline of 1 percent over the year. General assistance rolls were cut nearly in half, with a decline of 15,000 cases or more a month for each month but December and March, and a case load of 354,000 in June 1943.

Declines in the assistance loads reflected, in general, the extent to which the aged, the very young, and others who ordinarily are unable or little able to support themselves have shared in the wartime rise in earnings, either through their own work or through increased help from relatives and friends. The sharpness of the decline in the number of families receiving aid to dependent children raises a serious question, however, as to the extent to which there have been offsetting factors of dubious social value in the long run. The especially heavy financial and social pressures on dependent families have caused some children to cut short schooling to enter jobs of little worth to their future and have forced some mothers, when opportunity offered, to undertake work outside their homes, leaving their young children without proper care. Lack of adequate assistance funds in some areas has been accentuated by the rise in costs of food and other essentials and the discontinuance of Federal distribution of surplus commodities, which have been an important resource of families receiving assistance, especially in the Southern States. To some extent, therefore, the decline doubtless represented not an improvement in the circumstances of families but enforced decisions which negated the purpose of the program for aid to dependent children.

Variations among the States in the relative number of recipients are evident in rates computed for December 1942. In that month, there were 238 recipients of old-age assistance per 1,000 persons 65 years of age and over in the population of the United States. In one group of eight States, recipients numbered a third or more of the aged population, and in two of these more than half. At the other

extreme were two States where less than one-tenth of the aged population was receiving old-age assistance. In States collaborating in aid to dependent children under the Social Security Act, there were three in which the number of children aided represented 40 or more of the population per 1,000 estimated under age 18; at the other end of the range were two where aid to dependent children went to about 10 or fewer per 1,000 of the child population; for the continental United States as a whole, the rate was 21 per 1,000. Aid to the blind, with a national rate of 60 persons per 100,000 of the general population, ranged among collaborating States from 138 per 100,000 to 11.

Differences in the extent to which States had been able to meet needs for the special types of assistance, especially aid to dependent children, are shown in the relative volume of applications pending at the end of the year. In three States, the number of pending applications for aid to dependent children on June 30, 1943, was larger than the number of families then on the rolls; for the United States as a whole, pending applications represented nearly 10 percent of the total number of families receiving aid. Formally recorded applications and waiting lists for this and other programs, however, give only a partial indication of unmet requests for aid. Some assistance agencies do not take applications when it is known that funds will be insufficient to provide assistance even though the applicant is found to be in need, while, in general, needy persons do not apply for assistance when they know the effort is likely to be unavailing.

Payments to Recipients

In June 1943, total payments to individuals under public aid programs in the continental United States were less than one-fourth the amount in the peak month of the last decade, January 1934. The almost uninterrupted decline in Federal work program earnings and in general assistance increased the proportion of payments under the three programs for special types of assistance from about 15 percent of all public aid in March 1939 to nearly 90 percent of the total by the end of the fiscal year 1942-43. In June 1943, old-age assistance represented nearly 70 percent of all public aid in the continental United States, aid to dependent children 15 percent, and aid to the blind less than 3 percent, while general assistance accounted for 12 percent and Federal work program earnings for less than 1 percent.

Expenditures for old-age assistance in the continental United States and the Territories totaled \$616.6 million in 1942-43, of which approximately half represented Federal funds. For aid to dependent children and aid to the blind, the corresponding figures were \$150.0 million and \$24.9 million, respectively, and the Federal share of the total, about 40 and 30 percent. As compared with the preceding fiscal year, total costs of old-age assistance increased 9 percent and

those for the blind 5 percent, while for aid to dependent children there was a 4-percent decline.

From June 1942 to June 1943, average payments increased under each of the three programs for the country as a whole and in nearly all States. The average payment for old-age assistance in June 1943 was \$24.68 per recipient. In States collaborating under the Social Security Act, the corresponding averages in that month for the other two programs were \$38.94 per family receiving aid to dependent children and \$25.99 per recipient of aid to the blind. The wide range in the averages for the various States (table 11) reflects not only differences in levels of living but also differences in the funds available for assistance and in the range and extent of the recipient's requirements which are recognized, in the respective States, in setting the amount of the assistance payment. Determination of the deficit between resources and expenses may include allowance only for food and shelter or for some fraction of the amount deemed necessary by the agency's standards for such purposes. On the other hand, when funds are available, payments may represent also consideration of other basic needs such as clothing, household supplies, medicines, and the like. Other important differences in amounts of individual and average payments arise from differences in State laws and in policies and practices in considering, in the determination of the assistance payment, any resources presumably available to the recipient, such as the presumed ability of legally responsible relatives to aid in his support though in fact they may not be doing so.

Increases in average payments for the country as a whole have failed to keep pace with the rise in the costs of living of low-income families and especially the rise for families who live on the margin of subsistence, since the sharpest increase has been in the costs of food, which constitute a very large part of their total expenditures. Discontinuance of the Federal programs for distribution of agricultural commodities has been a serious loss to recipients in some parts of the country. On the other hand, it is possible that other resources of some recipients have been increased through ability to earn small amounts or through aid from relatives and others. A large proportion of all recipients, however, have no resource except their assistance payments. When other gains have not helped to counterbalance rising living costs, the increases in assistance payments must have been too small in many cases to maintain former standards, and many recipients, like other persons with small fixed resources, must have suffered a reduction in living standards.

Eligibility for Assistance

Within the general framework of the provisions of the Social Security Act, including the requirements for receipt of Federal match-

ing grants, the States themselves establish their definitions of need and other conditions determining eligibility for assistance. Eligibility for general assistance is wholly a matter for State or local, or State and local, determination.

Residence requirements.—The majority of the States with approved plans for the special types of assistance impose the maximum State residence requirement permitted under the Social Security Act—for old-age assistance and aid to the blind, 5 years out of the 9 years immediately preceding application and 1 year immediately preceding application, and for aid to dependent children, a year immediately preceding application or, for a child aged less than a year, the mother's residence in the State for the year immediately preceding the child's birth. By June 30, 1943, less restrictive residence conditions were in effect in only 13 State plans for old-age assistance, 13 approved plans for aid to the blind, and 10 for aid to dependent children. The general assistance provisions of nearly all States and localities require legal settlement as a condition for this type of aid. Rhode Island is the only State which has abolished residence requirements for all types of public assistance, including general assistance. The effect of stringent residence requirements has particular implications for periods of extensive interstate migration. Aged or blind persons and young children who have followed the family wage earner to areas of expanded agricultural or industrial production may be left stranded when wartime conditions or the subsequent readjustments dictate changes in industrial and other employment. Many individuals will have lost their rights to residence in the States which they have left and will not have acquired residence for public assistance purposes in any other State. Since much of the war-induced migration has drawn people away from depressed communities, the return of the migrants to their home communities may be neither desirable nor feasible. At the end of the war the Federal Government may be faced with a transiency problem equal to or exceeding that of the depression years, when thousands of homeless people of the United States were unable to claim legal residence in any part of the Union.

Age requirements.—By the close of the fiscal year, only one State—Colorado—had an age requirement for old-age assistance less restrictive than that of the Social Security Act; in Colorado, State funds are used also for assistance to qualified persons 60–64 years of age. For aid to the blind, the Social Security Act sets no age requirement on use of Federal funds, yet 23 States denied coverage to persons below or above a specified age. In aid to dependent children, 33 States utilize Federal funds for payments on behalf of children aged 16–17 who are regularly attending school. In all, 24 of these 33 States require school attendance for the age group 16–17 years, a requirement which the Board has found difficult to administer in the

old-age and survivors insurance program and of only slight social value, since, in nearly all cases of interrupted school attendance investigated for that program, attendance was not feasible because school facilities were lacking or because the child was needed at home to care for family members who were incapacitated.

Residence in an institution.—Although the Social Security Act prohibits Federal sharing in assistance payments to persons residing in public institutions, no such restriction is imposed on Federal participation in payments to persons in private institutions. Six States, however, deny assistance to aged persons living in private institutions, and five impose similar disqualifications for aid to the blind. Moreover, nine States do not provide old-age assistance to persons who require institutional care, and six have a similar provision for aid to the blind. In effect, these limitations may serve to keep individuals from receiving a type of care suited to their particular needs.

Citizenship requirements.—The Federal act contains no limitation which precludes use of Federal funds for aliens. Citizenship is, however, a requirement for old-age assistance in 23 States, while 9 impose a similar condition for aid to the blind, and 1 for aid to dependent children.

Determination of need.—Federal public assistance funds under the Social Security Act are available to share in costs of aid to needy persons only, and the act requires the States in determining need to take account of any income or resources of the applicant for assistance, except that States may disregard certain income from agricultural employment during the war emergency. Some States go further in automatically disqualifying applicants whose income exceeds a fixed amount (11 States for old-age assistance, 2 for aid to the blind, and 1 for aid to dependent children); applicants whose real and personal property is above a specified value (16 States for old-age assistance, 3 for aid to the blind, and 3 for aid to dependent children); or applicants who dispose of property to qualify for assistance (41 States for old-age assistance, 26 for aid to the blind, and 6 for aid to dependent children). Many States disqualify applicants who have relatives legally responsible for their support, or enforce support from such relatives, or require responsible relatives to reimburse the State for assistance payments. These provisions in one form or another are in effect in 28 plans for old-age assistance, 21 for aid to the blind, and 18 for aid to dependent children, and some form of recovery from the estates or relatives of assistance recipients is required in 26 plans for old-age assistance, 18 for aid to the blind, and 7 for aid to dependent children. These and similar conditions place at a disadvantage individuals who live in a State with restrictive requirements, as compared with those in States with less restrictive provisions. The emphasis on resources, moreover, often tends to overestimate a source

of income which may be potential rather than real, and often prevents realistic consideration of the individual's actual requirements.

Scope of aid to dependent children.—The first State laws for assistance to needy children were designed mainly for aid to widowed mothers. The Social Security Act made Federal matching funds available to dependent children who have been deprived of parental support or care by reason of the death, continued absence from home, or mental or physical incapacity of a parent, and who are living with the father or mother, a grandparent, a brother or sister, a step-parent, a stepbrother or stepsister, or an uncle or aunt in his or her own home. Subsequently, nearly all States with approved plans for aid to dependent children incorporated provisions paralleling the more inclusive eligibility conditions of the Federal act. From 1937–38 to 1941–42, the percentage of children accepted for aid who were living with both parents nearly doubled—an increase which can be attributed to State liberalization of eligibility provisions with respect to the incapacity of parents. Lack of the father's support constituted 88 percent of all cases accepted for aid to dependent children in 1941–42, but death of the father was the cause of dependency in only about a fourth of these cases.

State Differences in Economic Capacity

Both the scope and the adequacy of provisions for assistance are contingent upon the availability of State funds. Under the uniform-matching provisions of the Social Security Act, Federal grants for assistance are proportioned to what the State itself can and wishes to provide. In general, States with large resources, as measured by per capita income payments and tax collections, receive proportionately larger grants for public assistance than those where average income and tax collections are lower and the need for assistance presumably greater.

The 12 States¹⁰ in which 1942 per capita income payments exceeded \$1,000 contained 28.3 percent of the population in that year, had made 39.8 percent of all 1941 State and local tax collections, and received 29.8 percent of all Federal grants for public assistance under the Social Security Act in the fiscal year 1942–43. The 12 States at the other end of the scale,¹¹ with per capita incomes below \$600 in 1942, had 21.7 percent of the population, made 12.0 percent of the tax collections, and received 13.4 percent of the Federal grants. The difference between the two groups of States appears even more sharply in terms of per capita figures. In the group of 12 States where per capita incomes

¹⁰ California, Connecticut, Delaware, District of Columbia, Maryland, Massachusetts, Nevada, New Jersey, New York, Oregon, Rhode Island, Washington.

¹¹ Alabama, Arkansas, Georgia, Kentucky, Louisiana, Mississippi, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee, West Virginia.

were highest, income payments averaged \$1,141 per person, while tax collections were \$95.89 and Federal grants for assistance \$3.11. In contrast, in the group at the other end of the range, income was \$506, tax collections \$37.78, and Federal assistance grants \$1.83. Per capita figures, like all averages, obscure differences among and within the States included, and such differences also exist, of course, for the remaining States. It seems clear, however, that Federal assistance grants to States under the Social Security Act reflect, rather than counteract, State differences in ability to care for needy persons.

In the fiscal year 1942-43, only 17 percent of Federal grants for public assistance went toward meeting the needs of children, while nearly 81 percent was for old-age assistance. In Nevada all Federal assistance funds were for old-age assistance, and in two other jurisdictions (Alaska and Iowa ¹²) no Federal grants were made for aid to dependent children because no approved State plans were in operation. The Federal contribution toward aid to dependent children programs was less than one-third of total Federal assistance grants in all but six States.¹³

General assistance payments made by States and localities in the fiscal year totaled \$137.6 million and comprised about one-seventh of all assistance payments. In the calendar year 1942, this program represented 19.8 percent of State assistance expenditures and 47.9 percent of local expenditures for all types of assistance. Five States ¹⁴ financed their general assistance programs without or with only slight local participation, while local governments bore the entire cost in 13 States ¹⁵ and bore 90 percent or more of the cost in 3 additional States.¹⁶

Under the matching maximums of the Social Security Act for aid to dependent children, Federal funds cannot share in amounts exceeding \$18 a month for a mother and child receiving aid or \$30 for a mother with two eligible children, while the maximum is \$40 a month for a recipient of old-age assistance, or \$80 if both man and wife are eligible. Since the Federal limitations on sharing costs for aid to dependent children make little provision for the requirements of the mother or the costs of maintaining the home, in May 1941 nearly half the payments to one-child families, 40 percent of the payments to two-child families, and 29 percent of those to three-child families were above the Federal matching maximum, with the excess borne solely from State and local funds. As a result, the Federal share in aid to needy children is less than that in old-age assistance. In the calendar year 1942, Federal funds supplied nearly half (49.2 percent)

¹² On October 12, 1943, the Social Security Board approved an Iowa plan for aid to dependent children under which payments to recipients are to begin January 1, 1944.

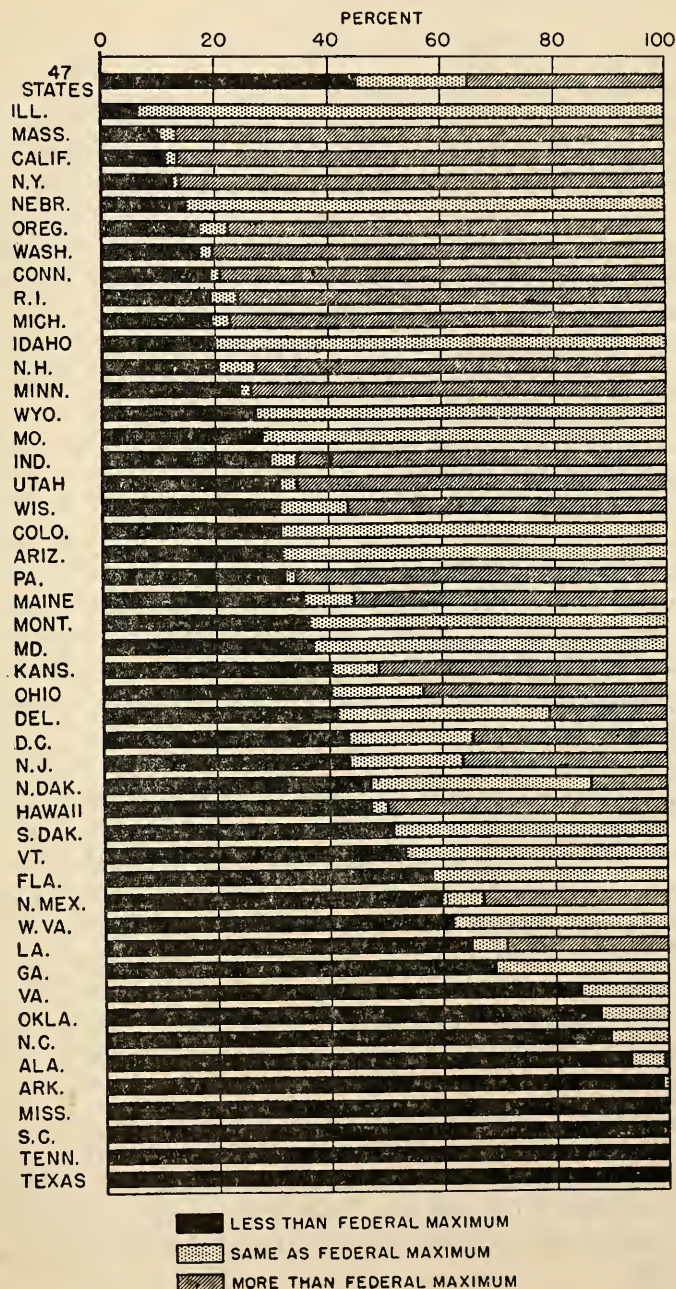
¹³ Delaware, Hawaii, Louisiana, New Mexico, Pennsylvania, West Virginia.

¹⁴ Arizona, Arkansas, Missouri, New Mexico, Pennsylvania.

¹⁵ California, Florida, Georgia, Indiana, Kentucky, Mississippi, Nebraska, New Hampshire, North Carolina, South Dakota, Tennessee, Texas, Vermont.

¹⁶ Idaho, Nevada, Wisconsin.

Chart 13.—*Aid to dependent children payments in relation to Federal matching maximum, by State, November 1942*



of all expenditures for old-age assistance, while the proportion for aid to dependent children was 40.8 percent.

War Emergency Programs

Since February 1942, when the President first allotted sums from his emergency fund to the Federal Security Administrator for temporary aid to civilians in the war emergency, the Social Security Board has been responsible for administering, for persons in the United States, emergency programs for civilian war benefits, civilian war assistance, and services and assistance to enemy aliens and others affected by restrictive governmental action. Subsequent Presidential authorizations and allotments of funds during the fiscal year 1942-43 extended the programs to provide for payment of disability and survivor benefits and services and assistance in cases of injury or death resulting from enemy action or preparation to meet such action, among certain civilian defense workers and other civilians in the continental United States, Alaska, Hawaii, Puerto Rico, and the Virgin Islands.

Under the terms of the allocations for civilian war benefits and civilian war assistance, money payments, goods, medical care, and other services are available to civilians, including enemy aliens, (1) who are injured as a result of enemy attack or of action to meet such attack or the danger thereof, or who are injured while in the performance of their duties as civilian defense workers; or (2) who are dependents of individuals injured or killed under conditions described in (1), or interned by the enemy, or reported as missing in circumstances indicating such death or internment; or (3) who are being or have been evacuated from any area under the direction of civil or military authority; or (4) who are otherwise in need as a result of enemy attack or of action to meet such attack or the danger thereof. "Civilian defense worker" is defined as any civilian (other than a Federal employee receiving wages for services as a civilian defense worker¹⁷) who is engaged in the Aircraft Warning Service, or is a member of the Civil Air Patrol or of the U. S. Citizens Defense Corps in the protective services established from time to time by the Office of Civilian Defense, or persons registered in training courses prescribed and approved by that Office for such protective services.

The program for assistance and services to enemy aliens and others affected by restrictive governmental action covers persons who are detained or interned by the Government or removed from areas specifically designated by military authorities or the Department of Justice. Assistance and services are also provided for dependents of such persons.

From February 1942 through June 1943, the Social Security Board

¹⁷ Protected under the U. S. Employees' Compensation Act.

expended a total of \$869,150 for administrative expenses and payments to individuals under these war emergency programs—\$440,899 for civilian war benefits, \$240,300 for civilian war assistance, and \$187,951 for assistance to enemy aliens and others affected by restrictive governmental action. Board activities have been maintained by regular personnel of the Bureaus and Offices charged with specific responsibilities. For administration of the two assistance programs, the Social Security Board has made agreements with State public welfare agencies to act on its behalf, and Federal funds are made available to States on an advance or reimbursement basis. The Bureau of Old-Age and Survivors Insurance uses its departmental and field staff for administering the civilian war benefits program. The parallel program for civilian war medical care is administered by the U. S. Public Health Service, which has established an office in Baltimore jointly with the Bureau of Old-Age and Survivors Insurance for coordination of medical services with civilian war benefits.

Civilian War Benefits

This program provides monthly survivor benefits, in general, to the widow, child, or parent of a civilian who dies as a result of enemy action, or of injuries sustained in the performance of civilian defense duties and who was furnishing the relative's chief support. In the case of civilians missing or detained as a result of enemy action outside the United States,¹⁸ monthly benefits are payable to the dependent wife, child, or parent. The civilian or the dependent relative must be a citizen of the United States. Monthly benefits are also payable to civilians aged 16 or over who sustain total temporary or permanent disability, or partial permanent disability of at least 30 percent of total, as a result of enemy action within the United States,¹⁸ and to civilian defense workers who incur such disabilities in the performance of their defense duties. Within a range of \$10–85 a month, benefits are related to wages.

As of June 30, 1943, monthly benefits amounting to \$7,062 were in force for 262 beneficiaries, all of whom were either survivor beneficiaries or dependents of missing or detained civilians. In January 1943, claims based on the wages of 850 workers were transferred to the U. S. Employees' Compensation Commission, in accordance with Public Law No. 784 (77th Cong., 2d sess., approved Dec. 2, 1942). The transferred claims related to death, disability, detention, or disappearance of employees of contractors with the United States, as a result of enemy action in the Philippines, Hawaii, Alaska, Guam, and Wake Island.

¹⁸ The term United States in these emergency programs includes Alaska, Hawaii, Puerto Rico, and the Virgin Islands.

Civilian War Assistance

Civilian war assistance is a temporary program to provide assistance to civilians disabled by enemy action and dependents of civilians who are killed, interned, or reported as missing, pending receipt of compensation; to civilian defense workers injured or killed while on official duty, and their dependents; to shipwrecked persons or their dependents; to persons repatriated to the United States; to stranded persons from war-stricken areas; and to civilians evacuated from Alaska, Hawaii, other Pacific islands, Puerto Rico, or the Virgin Islands, and from danger points in the United States, or from areas appropriated for military purposes.

Assistance may be in cash or, when necessary, in kind. Payments are made on an emergency basis to cover needs in a crisis and on a month-to-month basis when required beyond the emergency situation. The services comprise the essential activities involved in enabling individuals or families to reestablish themselves and to take up their activities in home and industrial life.

As of June 30, 1943, agreements were in effect with 47 States for this program. Payments amounting to \$7,390 were made in that month to 115 cases receiving assistance; 167 cases received services only. Since April 1942, total payments have amounted to \$95,504.

Aid to Enemy Aliens and Others

This program includes services to facilitate personal and community readjustments, rehousing, transportation, medical care, special services for children, temporary shelter, and financial aid. At the request of the Department of Justice, State public welfare agencies—designated by the Bureau of Public Assistance to administer the program—interview dependents of interned persons and make recommendations on requests for reuniting families in family internment camps. Similar cooperation with the War Relocation Authority has provided assistance to families who leave war relocation centers to enable them to reestablish themselves in the community. Major developments occurred in February–June 1942, as described in the *Seventh Annual Report of the Social Security Board*. Within the fiscal year 1942–43, agreements have been made with 48 States for continuing assistance and services to enemy aliens and their dependents and to others in need because of restrictive action of the Federal Government. In June, payments amounting to \$8,694 were made to 173 cases receiving assistance; 172 cases received services only. Since February 1942, \$93,081 in Federal funds allocated for this program has been expended by the States.

• III •

Administrative Operations of the Social Security Board

THE SOCIAL SECURITY BOARD has five major responsibilities under the Social Security Act: (1) administering the Federal old-age and survivors insurance program; (2) certifying the conformity of State unemployment compensation laws and public assistance plans with the applicable provisions of the Federal law; (3) ascertaining that the administration of State unemployment compensation and public assistance programs is in conformity with Federal requirements; (4) determining the amounts of Federal grants to which the States are entitled for administration of their unemployment compensation programs and for assistance payments and administration of their public assistance programs; (5) studying and recommending methods of providing economic security.

Since the unemployment compensation and public assistance programs are joint Federal-State undertakings and the well-being of individuals is jeopardized by inability on the part of the Board to certify Federal grants requested by the States, the Board has consistently attempted to establish, and to make available to States, criteria used as a basis for determining that State legislative provisions and administrative practices conform to conditions of eligibility for Federal funds, and to share with States experience gained in any area of operations. Ultimate responsibility for maintaining State programs for unemployment compensation, old-age assistance, aid to dependent children, and aid to the blind rests, of course, with the States themselves. Similarly, the States determine whether or not they wish to receive Federal grants under the Social Security Act.¹ When the Board is asked to approve proposed laws and plans and to grant Federal funds for these programs, however, it must determine that the provisions of the Federal law are fulfilled.

Organization and Expenditures of the Board

The Social Security Board is part of the Federal Security Agency, of which Paul V. McNutt is Administrator. There has been no change since December 1938 in the membership of the Board, which

¹ At the close of the fiscal year, 3 jurisdictions were administering State programs for aid to dependent children without Federal participation, and 4 had similarly independent programs for aid to the blind. A few States also maintain State programs in addition to those approved under the Social Security Act—1 for aid to dependent children and 4 for aid to the blind. Alaska and Delaware have no programs for aid to the blind. On October 12, 1943, the Board approved an Iowa program for aid to dependent children, and on October 22 an Illinois plan for aid to the blind.

includes Arthur J. Altmeyer of Wisconsin, Chairman; George E. Bigge of Rhode Island; and Ellen S. Woodward of Mississippi.² Oscar M. Powell of Texas has served as Executive Director since November 1, 1938. The Chairman of the Board is an ex officio member of the Board of Trustees of the Federal old-age and survivors insurance trust fund and a member of the Committee on Economic Security; he also served as Executive Director of the War Manpower Commission until December 7, 1942, and since that date has represented the Federal Security Agency in the War Manpower Commission.

Responsibilities of members of the Board include determination of administrative policy; approval of State laws and plans as meeting the statutory requirements for Federal grants and certification of these grants; certification of State unemployment compensation laws to the Treasury for normal and additional tax-credit purposes; and study and recommendations concerning the most effective methods of providing economic security through social insurance and related legislation.

The Board maintained the same functional organization as in previous years for administration of programs under the Social Security Act and the war civilian security programs authorized by the President in February 1942. Under the supervision of the Executive Director, the Bureaus of Old-Age and Survivors Insurance, Employment Security, and Public Assistance were responsible for the administration of the three major programs indicated by their titles. In addition, the Bureau of Old-Age and Survivors Insurance carried responsibility for administering civilian war benefits; the Bureau of Public Assistance, responsibility for civilian war assistance and aid to enemy aliens and others affected by restrictive governmental action. General and coordinating services for all programs were furnished by the service bureaus—Bureau of Accounts and Audits, Bureau of Research and Statistics, Informational Service, and Office of the Actuary—and by special units of the Office of the Executive Director. The Office of Appeals Council directed and supervised hearings with respect to old-age and survivors insurance payments and wage records and civilian war benefits, and reviewed decisions of appeals referees serving in the several regions. The 12 regional offices³ of the Board under the supervision of regional directors—who also serve as regional directors of Community War Services—were staffed with representatives of each program bureau and with service units concerned with accounting and auditing

² The Senate on July 5, 1943, confirmed the reappointment of Mrs. Woodward for a 6-year term expiring August 13, 1949.

³ The Federal Security Administrator announced on August 29, 1943, that Regions II and III would be consolidated, effective October 1, 1943, with headquarters in New York City.

operations, informational activities, and maintenance of State merit systems. Legal services to the Board and its regional offices were furnished by the Office of the General Counsel of the Federal Security Agency. Responsibilities for personnel administration were centered in the Office of Personnel and Business Management Services in the Office of the Executive Director.

On September 17, 1942, to consolidate all activities relating to utilization of manpower during the war, the President, by Executive Order No. 9247, transferred the U. S. Employment Service from the Social Security Board to the War Manpower Commission. The formal transfer of functions was effected on December 1, 1942, though final transfer of funds and some personnel and termination of certain Board services in connection with the U. S. Employment Service did not occur until later.

Field operations of the Social Security Board were conducted as of June 30, 1943, in 12 regional offices, 2 Territorial offices, 5 area offices, 471 field offices, 16 branch offices, and 1,191 stations with itinerant service. These figures represent 7 fewer field offices, 6 more branch offices, and 611 fewer stations with itinerant service than on June 30, 1942. Throughout this fiscal year the central administrative offices of the Bureau of Old-Age and Survivors Insurance have been located in Baltimore to help relieve the crowded conditions in Washington.

In line with the Board's long-standing policy of decentralizing operation whenever possible, the decentralization of old-age and survivors insurance claims adjudication, review, and benefit-payment operations, which was inaugurated with the opening on June 1, 1942, of the first area office in Philadelphia, was extended by the opening of area offices in New York City (July 1), Chicago (August 1), and New Orleans and San Francisco (September 1). In August 1942, the regional offices took over the preparation of pay rolls for Board employees in their territory. Decentralization of responsibility for personnel actions of certain grades, time and leave records, and other personnel activities began in Region IV in September 1942 and was extended to all regions by the end of the fiscal year. Personnel payroll operations for the area offices were transferred from Washington to regional offices at the close of the fiscal year.

Personnel administration.—On June 30, 1943, the Social Security Board had 10,585 employees, comprising 1,167 in Washington, 4,870 in the Bureau of Old-Age and Survivors Insurance in Baltimore, and 4,548 in regional, area, and field offices. The decrease of 2,712 employees from the number on June 30, 1942, is due, in part, to the transfer in December 1942 of the U. S. Employment Service, with about 1,000 Board employees, to the War Manpower Commission.

The remainder of the decrease represents reductions made because of wartime shortages in labor and the need for wartime economy. Reduction in the number of jobs held was facilitated by the increase in the workweek, beginning in December 1942, from 44 to 48 hours, and by the year's losses in personnel through inductions into the armed forces and transfers to war agencies. Another important factor was the concerted effort to simplify all operations to the utmost extent compatible with effective administration and to eliminate all activities which could be discontinued or postponed in view of the war emergency.

The Board has pioneered among Government departments in adapting and applying the principles of job instruction, job methods, and employee-relations training developed by the War Manpower Commission for training within industry. Job simplification has been made a responsibility of staff at all levels, rather than merely of supervisory personnel. A systematic program has been established whereby employees are shown how to analyze their own jobs and urged to submit constructive plans for eliminating any unnecessary steps and streamlining essentials to ensure the utmost economy in labor and materials. All such proposals receive careful consideration by the persons authorized to approve those which merit adoption, and the contribution of each employee is recognized. As a result, many major and minor improvements in administrative processes have been effected, offsetting some of the very serious difficulties which the Board has faced through loss of skilled and experienced personnel and, furthermore, permitting positive economies. Such economies are evidenced both in the decline in the total number of employees and in savings in equipment and materials. Desks and filing cabinets, typewriters, computing machines, and telephone instruments have been released to war agencies. Use of paper and printing has been restricted by curtailing correspondence, discontinuing certain forms and releases, and reducing the size or frequency of others.

Expenditures.—Expenditures by the Social Security Board in the fiscal year 1942-43 amounted to \$475.9 million, of which \$432.1 million, or 91 percent, represented advances certified for grants to States for public assistance and unemployment compensation administration; \$15.6 million, or 3 percent, for Federal operation of employment services in the States from July to November 1942; and \$28.2 million, or 6 percent, administrative expenses of the Board. These figures do not include expenditures from funds allocated to the Board for war emergency programs.

As in the previous fiscal year, the largest part of the Board's administrative expenses was attributable to the old-age and survivors insurance program and is reimbursed from the Federal old-age and survivors insurance trust fund; payments from that fund

consisted of \$149 million in benefit payments certified by the Board and \$27 million for administrative expenses incurred by the Social Security Board and the Treasury Department. Federal grants for old-age assistance (\$319.2 million) and for aid to the blind (\$8.5 million) were 7 percent more than last year, while the \$67.9 million granted for aid to dependent children was 2 percent less. These figures do not include State shares of administrative costs and assistance payments under the approved plans for which these grants were made. Expenditures for unemployment compensation administration were 30 percent less than those of last year, but the data for the two periods are not strictly comparable (table 3).

Travel expenditures of the Board were cut 39 percent from 1941-42 and miscellaneous general expenses 11 percent, while salary outlays were 5 percent larger. The increase in salary expenditures reflects the congressional action in compensating civil employees of the Federal Government for hours of work in excess of 40 hours a week. The workweek of employees of the Social Security Board was lengthened from 39 to 44 hours a week in January 1942, but additional compensation was not given until December 1942, when hours of work were increased to 48 a week, and was not payable to employees in the higher salary classes until May 1943. Since overtime pay adds about 20 percent to the basic pay roll, with larger percentage increases for low salaries than at higher levels, the rise of only 5 percent in total expenditures for salaries reflected staff reductions.

Old-Age and Survivors Insurance

The impact of the war bore upon many aspects of the old-age and survivors insurance program, which is the only program of the act administered wholly by the Federal Government. Wartime conditions were reflected directly in administration of the emergency provisions for civilian war benefits, described elsewhere in this report, and in other situations reflected in claims, such as the development of regulations for the payment of old-age and survivors insurance in claims on behalf of missing seamen. Regular operations were greatly affected by the rise in employment, which necessitated the establishment and maintenance of wage records for additional millions of workers. While the increase in old-age beneficiaries was less than would have been anticipated in peacetime, employment conditions increased the number of wage earners with insured status. A temporary trend toward slightly higher death rates in the general population and an increase in the number of workers with insured status sustained the volume of claims for survivor benefits. The total number of claims received in the fiscal year was 6,400 more than in 1941-42. At the same time, both the departmental and field

staffs of the Bureau of Old-Age and Survivors Insurance, which contain a high proportion of young employees, were especially heavily affected by loss of experienced personnel through inductions into the armed forces and transfers to war agencies. The total number of employees of the Bureau at the end of the fiscal year (8,734) was 10 percent less than a year earlier, and the number of departmental employees (4,680) was nearly 20 percent less.

Services to beneficiaries and claimants.—Over the year, the total number of beneficiaries increased about one-third. Staff services on behalf of these individuals were increased disproportionately by the fact that large numbers of benefits were suspended temporarily (and often subsequently resumed) as the beneficiary himself or another person with respect to whose wages the benefit was payable took covered employment.

Personnel shortages and the need for economy made it necessary, however, to reduce the field organization primarily concerned with relationships with beneficiaries and claimants. Plans were made to close 37 field offices, with transfer of functions to offices in adjoining localities or substitution of itinerant or part-time service, and 8 offices were closed before the end of the year. Such changes and the necessary wartime restrictions on the use of automobiles and other transportation inevitably limit personal contacts with claimants, beneficiaries, and workers. Unless the claimant or beneficiary can come to the office, contacts must be maintained by mail, and many claims are developed wholly by correspondence. Since letters and leaflets are often an unsatisfactory substitute for oral explanation, this change has many disadvantages.

Various changes were made in claims policies and procedures to adjust to wartime conditions, effect a closer approach to the social objectives of the system, and promote administrative economies. Such changes as decentralization of claims adjudication from Washington to the five area offices have resulted, despite other pressures, in an increase in over-all efficiency of claims operations. The most recent test indicates that adjudication of a claim in the area office requires, on the average, only 4.4 days from its receipt until it is certified to the Treasury for payment; for claims which require no additional evidence of eligibility for benefits, the average is 2.7 days.

Appeals.—Under a provision of the Social Security Act, claimants who are dissatisfied with the Board's determination of their wage credits or benefits may request hearings. During the fiscal year, such requests were filed in 934 cases, and final decisions of referees or the Appeals Council were rendered in 877 cases.

Simplified procedures.—Intensive effort was made continuously throughout the year to streamline operation of the program. Analysis of past experience indicated that some procedures and activities

which had been important in the initial stages of the program could be eliminated without serious detriment to essential functions; other simplifications, while a wartime necessity, represent curtailments in services to wage earners and beneficiaries which would be inadvisable in ordinary circumstances. Simplified procedures were adopted for verifying wage reports and proofs of age, school attendance, relationship, and other situations involved in the entitlement of claimants and their continued receipt of benefits. The date of birth as shown on the application for an account number is accepted as proof of age if established prior to the passage of the 1939 amendments and if in agreement with information on the claims application. This step represents a significant current saving of labor and will be especially important when a backlog of deferred claims pours in at the end of the war. In about 80 percent of the cases tested, the age indicated by the application form was substantiated by the proven date of birth from other sources; in only 7 percent did that form overstate age, and in 13 percent the age was understated. As a further economy in field operations, the Board has placed upon parents or other relatives, rather than the school authorities, responsibility for reporting that a child beneficiary has ceased to attend school regularly.

Because of difficulties in obtaining proof of the death of wage earners, particularly individuals dying outside the United States, the Board has amended its regulations to accept as proof of death, in certain circumstances, reports as to fact and date of death made by another Government agency which is required to make such findings for the proper administration of its provisions of law. The date of "missing in action" may be accepted as the date of death. Postmarks are now accepted as filing dates of applications when a loss of benefits would otherwise occur. The categories of persons permitted to administer oaths for applications for benefits were enlarged to include postmasters, Federal officials, and, for individuals in the armed forces of the United States, any commissioned officer of the armed services. Death notices of persons with presumed insured status are no longer sent to field offices, since investigation has revealed that in 80 percent of the cases the field office already had word of death from other sources. Field offices no longer send advance notice to persons of their probable eligibility for benefits as they approach age 65.

Services to other agencies.—Field and departmental personnel and other resources of the old-age and survivors insurance system have been made available, on request, to various war agencies. Three field surveys on the use of critical war materials were made by Board personnel for the War Production Board, and extensive card-punching operations were performed for that Board and the Federal Housing Administration. Punch-card operators were trained for the Navy Department. A master employer index, classifying information re-

ceived during the year on the products and services of some 1.7 million employers, has been used by the Offices of Price Administration and War Information and by the Bureau of the Census, the Bureau of Labor Statistics, and the Federal Power Commission.

In line with the war effort, notices were sent by the Board to beneficiaries of old-age and survivors insurance to call to their attention the fact that wages earned in agriculture would not cause interruption or reduction in any payments to which they were entitled, since earnings from noncovered employment do not preclude simultaneous receipt of benefits. It is not believed, however, that the benefit rolls afford any significant labor resources, since studies of beneficiaries indicate that a large proportion of the present aged beneficiaries are partially or wholly disabled, while the survivor beneficiaries include predominantly children or women with children in their care. It is believed that most of the potential beneficiaries who are able to work are among the hundreds of thousands who have failed to claim benefits for which they could qualify on leaving covered employment.

Federal-State Programs

Continuing review of amendments to State laws and revisions in State plans is required by the Board's statutory responsibilities for determining that State unemployment compensation laws and public assistance plans accord with the conditions prescribed in the Federal act and that the administration of each State law and plan is such as to entitle the State to continued certification of Federal grants.

Although conditions for approval, bases for Federal financial participation, and methods of estimating Federal grants are different for the two Federal-State programs, certain Federal responsibilities are identical and require parallel cooperation at Federal and State levels. The Board must determine that the State plan or law provides methods of administration necessary for the proper and efficient administration of the State program and includes methods relating to the establishment and maintenance of personnel standards on a merit basis, opportunity for a fair hearing for all individuals whose claims for payments are denied, and provision for making such reports as the Board may require. In many respects, these requirements have represented new areas of Federal-State relations. The Board believes that the intent of the Social Security Act is realized most promptly by giving State agencies full information on the criteria used in Federal appraisal of their programs and by utilizing State experience, whenever possible, in the development of the bases for appraising State laws and plans, administration, and budgetary needs.

Interpreting provisions of the Federal law.—The terms of the Social Security Act name certain conditions for approval of State laws and plans which require definition or interpretation by the Board. For

example, in unemployment compensation, the Board has had to interpret "fair hearing," "impartial tribunal," and the like, while in public assistance it has been necessary to define "money payments," "income and resources," and similar terms to establish criteria for review of State plans.

During the fiscal year 1942-43, amendments to 48 State unemployment compensation laws required analysis for their conformity with the Social Security Act and Federal Unemployment Tax Act, and changes in 242 public assistance plans for 36 States required similar review by the Board. Through State letters, manuals on procedures for war emergency programs, and other administrative channels, moreover, the Board has informed States of modifications necessary, permissible, or desirable in the war emergency to take account of new Federal legislation, Executive orders, and the operations of newly established Federal agencies. Reciprocal agreements with Canada needed implementation. Other Federal action, such as regulations for the operation of coal mines and other establishments under Government control, prompted transmittal of information to the States with respect to the probable continued liability of the operating companies for contributions and the continued coverage of the services of their employees under the State unemployment compensation laws.

The transfer of the U. S. Employment Service to the War Manpower Commission has necessitated agreements with the War Manpower Commission to assure that employment service facilities necessary for the proper administration of State unemployment compensation laws are made available to State agencies. The Social Security Board has developed channels for keeping States informed of War Manpower Commission policies in referring workers to essential war industries, in order that State unemployment compensation programs and national labor-market objectives may be coordinated. Within the limitations set by a State law, such policies may have an important bearing upon a State's determination of suitable work and availability for work. Since effective mobilization of labor for the war effort may be hampered or promoted by State policies in paying unemployment benefits, the Board has informed the States of its belief that the provisions of the various State laws permit sufficient discretion in their application to make them adaptable to the changing conditions of the labor market.

In public assistance, it has been necessary to interpret the provisions of Federal law relating to disregard of income from agricultural labor in the consideration of resources of certain old-age assistance recipients (Public, Nos. 45 and 67, 78th Cong., 1st sess.). Migration of dependent families has entailed review of residence requirements of State laws so that the State determinations of residence will not leave a person stranded without eligibility for assistance in any juris-

diction. Inadequate resources of families of some servicemen have led the Social Security Board to interpret absence from home for military service as "continued absence from the home" for the purposes of determining eligibility for aid to dependent children.

Developing personnel standards.—Development of State personnel merit systems under the impetus of the Social Security Act constitutes an especially significant contribution of the social security program to public administration. By June 30, 1943, State employment security and public assistance personnel were included in State-wide civil-service systems in 17 States, the District of Columbia, and Hawaii. In 8 of these jurisdictions, county employees of public assistance are covered by county-wide civil-service or agency merit systems. Joint merit systems covering also employees of State public health and welfare agencies have been established in 20 States and Alaska; joint merit systems for employment security and one or more public assistance programs, in 6 States. The remaining 5 States had separate merit systems for employment security and public assistance personnel; all these States included the personnel for all approved public assistance programs under a single merit system.

In collaboration with the Bureaus of Public Assistance and Employment Security, the State Technical Advisory Service in the Office of the Executive Director has developed, in the light of experience, wartime modifications of Board standards for merit-system administration; has rendered technical assistance to the States in the development and maintenance of personnel merit-system plans; has advised and assisted State agencies, civil-service boards and commissions, merit councils, and supervisors in the technical aspects of merit-system administration; and has conducted reviews of State personnel merit-system administration.

As a result of loss of personnel to the armed forces and to war industry and Federal civilian service, State agencies have experienced difficulty in retaining and recruiting qualified employees, even with the assurance of continuity of service and the well-defined plans for classification, remuneration, and promotion which are inherent in merit-system standards. In recognition of these difficulties, the Board has permitted certain wartime modifications in State personnel practices designed to help States select the best qualified persons available for appointment and to assure permanent status for those who make good. The Board has also approved State measures for limited war-duration tenure, with and without competitive examinations; for intensive recruitment in a broadened field of potential candidates; for extending the period of provisional appointments; for expediting the examination and certification processes; and for retaining well-qualified employees. The current need for more realistic compensation scales in State agencies, overtime pay, upgrading, and appointments

above the minimum entrance salary has been recognized by the Board. State social security agencies have significant responsibilities related to the war effort. They are also permanent organizations which will probably require expansion when the war ceases. Current personnel problems of the States therefore differ markedly in some respects from those of Federal agencies, in which a peacetime reduction is to be anticipated.

The Board's responsibilities under the Social Security Act preclude exercise of authority with respect to the selection, tenure, and compensation of any individual employed by the State social security agency. In making unemployment compensation grants, the Board is responsible for determining the total costs of proper and efficient administration of the State program. In this connection the Board has felt that State compensation plans for various classes of employment security personnel must be relatively comparable with those of other State departments and at the same time entail costs which can be met from title III funds with equitable distribution among the States. In public assistance, the Board shares in State administrative costs by adding 5 percent to the Federal grants to States for old-age assistance payments to individuals and by meeting half the State administrative costs for aid to the blind and aid to dependent children.

Continuing services to States in the field of personnel administration have included preparation of a fiscal manual for joint merit-system administration, recommendations on policies for compensatory overtime leave and overtime pay, sample examination materials available to States on request, aid in establishing classification and other standards for revised systems, and review of State laws and regulations as they affect the personnel merit-system standards under programs approved by the Social Security Board. The State Technical Advisory Service continues to provide services to the War Manpower Commission in connection with the status of State employment service personnel, who became employees of the Social Security Board as of January 1, 1942, and were transferred to the War Manpower Commission on December 1, 1942, as well as in other aspects of personnel administration.

Collaborating in administrative appraisal.—The regional organization of the Board has from the outset provided a two-way exchange of Federal-State experience in social security administration. State agencies consult the Board's regional staff on problems in adjusting their programs to Federal and State legislative action and to the war emergency. Through its regional staff, the Board makes available to the States experience derived from Nation-wide operation of unemployment compensation and public assistance. Manuals for regional and field audits and the administration of Federal war emergency programs, and fiscal, budgetary, statistical, and other guides for

unemployment compensation administration, have provided uniformity in social security administration insofar as interpretation and application of Federal requirements are concerned.

In the first years of operation of State programs under the Social Security Act, the Board found it necessary to control, through line-item budgets, all administrative expenditures for State unemployment compensation agencies and to audit each public assistance payment for which a State claimed Federal matching. This detailed scrutiny and control of expenditures was effective in safeguarding the use of Federal funds during the initial stages of program development. As the programs were placed upon a sound operating basis, however, the need for maintaining line-item control over State expenditures became progressively less. A modified budget, based upon functional workload requirements, now permits the allocation of Federal funds to State employment security agencies on a lump-sum basis with flexibility of expenditures limited only by the requirement that such expenditures conform to the Board's fiscal policies and standards. Administrative reviews of State operations are providing constructive means of Federal-State collaboration, not only to ensure that the intent of the Federal law has been met but also to improve the effectiveness of joint undertakings of the Board and State employment security and public assistance agencies.

The continuing administrative review of public assistance programs illustrates collaborative Federal-State effort to assemble information of use to State and local public assistance agencies and at the same time fulfill the Board's responsibilities for assuring the effectiveness of State programs and for developing Federal policy. This review covers methods of taking applications for aid, determining eligibility, making payments, and handling complaints and appeals at the local level of operations through conferences with State and local staff and examination of samples of case records and other agency materials. Field representatives of the Board and representatives of the State agency work together in planning the review, choosing the areas and emphasis of the study, collecting information, and analyzing results. Appropriate measures for improving operations thus can often be effected by joint action while the review is in process, and issues which might result in conformity problems can be prevented.

Personnel from State employment security agencies are asked to aid in developing standards and procedures for more effective administration of the unemployment compensation program. At both Federal and State levels, analyses of methods of reporting and recording wages in employment covered by State laws, policies and practices in allowances and disallowance of claims, time lapse in benefit payments, and the issues involved and decisions rendered in appealed

claims for benefits have furnished procedural guides in a new field of public administration. The Board thus provides a clearing house for information and analyses dealing with the effect of provisions and methods of operation under diverse State laws to reveal the areas in which new efforts should be made to fulfill the objectives of Federal and State programs.

Evaluating Needs for Economic Security

A major function of the Social Security Board derives from its responsibility under the Social Security Act for studying and recommending methods of providing economic security. Analysis of the effectiveness of existing Federal and State programs of social insurance and assistance provides a means of gauging the strength and weakness of current public provision to offset wage loss and income deficiency and furnishes the background for recommendations to the Congress and to State agencies.

Major studies in the field of old-age and survivors insurance have centered on the continuous wage history of workers with taxable wages under the program; the variations in taxable wages for workers with less than 4 quarters of coverage in a year; the effect of qualifying conditions on the insured status of workers; and the race, sex, age, and geographic characteristics of the workers from whom the Federal Government collects insurance contributions toward old-age and survivors insurance protection. As a corollary to these studies of covered workers, analyses of the characteristics of excluded employment have revealed the extent to which the program falls short of providing the protection needed when age, disability, or death cuts off the normal source of family income.

Studies made in several large cities have furnished an objective basis for appraising the total resources of beneficiaries of old-age and survivors insurance and the reasons for workers' retirement. Similar studies of the effect of administrative procedures and Board regulations on wage records, benefit determinations, and imposition of penalties have indicated areas in which the Board has been able to simplify operations, achieve economies, and modify its interpretation of requirements to discharge more effectively its responsibilities to covered workers, claimants, and beneficiaries.

In Federal-State programs, the Board has a direct responsibility to the States as well as to the Congress in appraising the Nation-wide effectiveness of unemployment insurance and public assistance "in providing for the general welfare . . . by enabling the States to make more adequate provision for aged persons, blind persons, dependent . . . children . . . and the administration of their unemployment compensation laws . . . " ⁴

⁴ Preamble to the Social Security Act.

In unemployment insurance, the Board's appraisal of current operations has included studies of administrative operations as well as the substantive provisions of the program. These analyses have included studies of the work-load factors involved in unemployment compensation operations; of the time and cost involved in various major operations; of methods of streamlining operations during the war period; of ways and means of decreasing the costs of maintaining wage records for persons with benefits frozen until their demobilization from the armed forces; and of appeals machinery. Analyses have been made of disqualifications of claimants because of limited availability for work and of the application of eligibility and disqualification provisions to claimants who have migrated to other States. Analyses of levels and duration of benefits and of industrial variations of wages and employment in all States have been continued. Special studies have been made of the characteristics of claimants in a period of labor shortage when public opinion questions the justification for paying unemployment benefits; of the solvency of the unemployment trust fund in the post-war period and the effects of reduced employer contribution rates allowed in States with experience-rating provisions; of the types and characteristics of claimants' dependents; and of the uneven incidence of wartime employment and the probable impact of conversion unemployment at the end of the war. All these studies of legislative provisions and administrative operations of State unemployment compensation laws throw light on the future efficacy of the system, particularly in the period of readjustment of industrial production to peacetime needs.

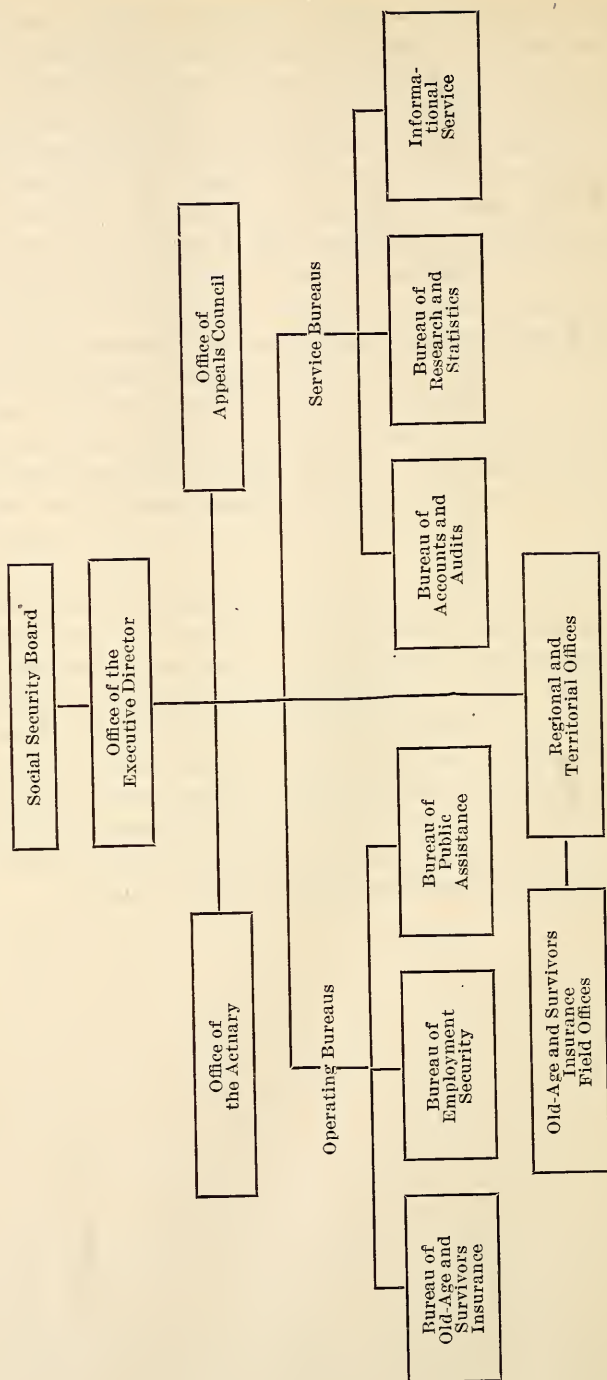
Valuable bases for State and Federal evaluation of the role of public assistance have been developed through analysis of the periodic reports made by State agencies to the Board and special or continuing study in such fields as the background and development of public and private aid in urban areas, the operation of general assistance throughout the country, the characteristics of public assistance recipients, methods used by State agencies in meeting needs of recipients for home services or care outside the home, wartime problems in the field of assistance, the effect of discontinuance of Federal work projects and distribution of agricultural commodities, and the extent to which Federal grants to States have reduced the financial burdens of State and local governments. Major deficiencies revealed by these studies indicate the consequences of lack of Federal participation in general assistance; the restrictive effect of residence requirements; the wide variations among States and localities in levels of payment which result from existing Federal and State maximums and the uniform matching basis of Federal grants; differences in the availability of State funds; the need of some recipients for services in addition to

assistance payments; and the inequality of Federal sharing in administrative costs of the three public assistance programs.

Long and short-range estimates of social insurance coverage, contributions, liabilities, and benefits are a necessary tool in safeguarding the solvency of insurance funds and the rights of participants in these programs. The Board of Trustees of the Federal old-age and survivors insurance trust fund, of which the Chairman of the Social Security Board is a member, reports each year to the Congress on the operation and actuarial status of the fund and its expected operation and status during the next ensuing 5-year period. The interrelationships of social insurance and assistance and other Federal and State efforts to provide protection against economic hazards are developed from further analyses of coverage, recipients, and the amounts and comparative levels of payments under various social security and related programs. These studies, supplemented by materials furnished by other agencies, indicate some of the major areas in which new or more effective efforts must be made for the general welfare.

The results of special surveys and analyses based on local or Nation-wide studies are distributed to State agencies for their guidance in planning for future developments and to others concerned with administration of social security programs. Periodic publications of the Board, such as the *Social Security Bulletin*, *Social Security Yearbook*, *Unemployment Compensation Interpretation Service*, and special statistical releases afford means of exchanging information among States, reporting to States and Federal agencies on Nation-wide developments in social security, and facilitating State evaluation of their programs in relation to those of other States.

Bureaus and Offices of the Social Security Board, as of July 1, 1943



APPENDIX

Regional and Territorial Offices of the Social Security Board, as of October 1, 1943

Region	Region
I. Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont. Regional director: John F. Hardy, Social Security Board, 120 Boylston Street, Boston 16, Mass.	VIII. Iowa, Minnesota, Nebraska, North Dakota, South Dakota. Regional director: Fred M. Wilcox, Social Security Board, Midland Bank Building, Fourth Street and Second Avenue, Minneapolis 1, Minn.
II-III. Delaware, New Jersey, New York, Pennsylvania. Regional director: Peter Kasius, Social Security Board, 11 West Forty-second Street, New York 18, N. Y.	IX. Arkansas, Kansas, Missouri, Oklahoma. Regional director: John E. Wrenn, Social Security Board, 1006 Grand Avenue, Kansas City 6, Mo.
IV. District of Columbia, Maryland, North Carolina, Virginia, West Virginia. Regional director: Lavinia Engle, Social Security Board, Arlington Building, 1025 Vermont Avenue, Washington 25, D. C.	X. Louisiana, New Mexico, Texas. Regional director: James B. Marley, Social Security Board, North Presa and East Houston Streets, San Antonio 5, Tex.
V. Kentucky, Michigan, Ohio. Regional director: Mary E. Woods, Social Security Board, Euclid Avenue and East Ninth Street, Cleveland 14, Ohio.	XI. Colorado, Idaho, Montana, Utah, Wyoming. Regional director: Heber R. Harper, Social Security Board, 730 Seventeenth Street, Denver 2, Colo.
VI. Illinois, Indiana, Wisconsin. Regional director: Henry L. McCarthy, Social Security Board, Bankers Building, 105 West Adams Street, Chicago 3, Ill.	XII. Arizona, ¹ California, Nevada, Oregon, Washington. Regional director: Richard M. Neustadt, Social Security Board, 785 Market Street, San Francisco 3, Calif.
VII. Alabama, Florida, Georgia, Mississippi, South Carolina, Tennessee. Regional director: Richard H. Lyle, Social Security Board, 441 West Peachtree Street, Atlanta 3, Ga.	Alaska. Territorial director: Hugh J. Wade, Social Security Board, Territorial Building, Juneau, Alaska.
	Hawaii. Territorial director: Robert W. Beasley, Social Security Board, 425 Dillingham Building, Honolulu, T. H.

¹ Transferred from Region XI as of Nov. 1, 1942.

Area Offices of the Social Security Board

New York: 155 East Forty-fourth Street, New York 17
 Pennsylvania: 121 North Broad Street, Philadelphia 7
 Illinois: 188 West Randolph Street, Chicago 1
 Louisiana: 829 St. Charles Street, New Orleans 13
 California: 22 Battery Street, San Francisco 11

*Field Offices of the Social Security Board, by Region and State,
as of June 30, 1943*

REGION I

Connecticut: Bridgeport, Hartford, Meriden, New Britain, New Haven, New London, Stamford, Torrington, Waterbury, Willimantic.
 Maine: Augusta, Bangor, Lewiston, Portland.
 Massachusetts: Attleboro, Boston (2), Brockton, Cambridge, Chelsea, Fall River, Fitchburg, Haverhill, Holyoke, Lawrence, Lowell, Lynn, Malden, New Bedford, Pittsfield, Quincy, Salem, Springfield, Waltham, Worcester.
 New Hampshire: Concord, Littleton, Manchester, Nashua, Portsmouth.
 Rhode Island: Newport, Pawtucket, Providence, Woonsocket.
 Vermont: Burlington, Montpelier, Rutland.

REGION II

New York: Albany, Auburn, Binghamton, Buffalo, Elmira, Glens Falls, Gloversville, Ithaca, Jamestown, Kingston, Newburgh, New Rochelle, New York City (Manhattan, 4; Bronx, 2; Brooklyn, 2; Jamaica; Long Island City; Staten Island), Niagara Falls, Ogdensburg, Oswego, Plattsburg, Poughkeepsie, Rochester, Schenectady, Syracuse, Troy, Utica, Watertown, Yonkers.

REGION III

Delaware: Wilmington.
 New Jersey: Atlantic City, Bridgeton, Camden, Elizabeth, Jersey City, Newark, Passaic, Paterson, Perth Amboy, Trenton.
 Pennsylvania: Allentown, Altoona, Ambbridge, Braddock,¹ Chester, Du Bois, Easton, Erie, Greensburg, Harrisburg, Hazelton, Johnstown, Lancaster, McKeesport, New Castle, New Kensington, Norristown, Oil City, Philadelphia County (Philadelphia; Germantown; Kensington), Pittsburgh, Pottsville, Reading, Scranton, Sharon, Turtle Creek, Uniontown, Wilkes-Barre, Williamsport, York.

REGION IV

District of Columbia: Washington.
 Maryland: Annapolis, Baltimore, Cumberland, Hagerstown, Salisbury.
 North Carolina: Asheville, Charlotte, Durham, Fayetteville, Gastonia, Goldsboro, Greensboro, Hickory, High Point, Raleigh, Rocky Mount, Salisbury, Wilmington, Winston-Salem.
 Virginia: Alexandria, Bristol, Danville, Lynchburg, Newport News, Norfolk, Petersburg, Richmond, Roanoke, Staunton.
 West Virginia: Beckley, Bluefield, Charleston, Clarksburg, Huntington, Logan, Martinsburg, Morgantown, Parkersburg, Wheeling.

REGION V

Kentucky: Ashland, Bowling Green, Corbin, Covington, Frankfort, Hazard, Lexington, Louisville, Owensboro, Paducah.
 Michigan: Battle Creek, Bay City, Detroit and Wayne County (Detroit, 2; Dearborn; Highland Park), Escanaba, Flint, Grand Rapids, Jackson, Kalamazoo, Lansing, Marquette, Muskegon, Pontiac, Saginaw, Traverse City.
 Ohio: Akron, Ashtabula, Canton, Cincinnati, Cleveland, Columbus, Dayton, Hamilton, Lima, Lorain, Mansfield, Marion, Nelsonville, Portsmouth, Springfield, Toledo, Warren, Youngstown, Zanesville.

REGION VI

Illinois: Aurora, Bloomington, Champaign, Chicago and Cook County (Chicago, 5; Cicero; Evanston; Harvey; Oak Park), Danville, Decatur, East St. Louis, Galesburg, Harrisburg, Joliet, Mount Vernon, Peoria, Quincy, Rockford, Rock Island, Springfield, Waukegan.
 Indiana: Anderson, Bloomington, Elkhart, Evansville, Fort Wayne, Gary, Hammond, Indianapolis, Kokomo, La Fayette, Muncie, New Albany, Richmond, South Bend, Terre Haute.

Wisconsin: Eau Claire, Fond du Lac, Green Bay, Janesville, La Crosse, Madison, Milwaukee, Oshkosh, Racine, Sheboygan, Superior, Wausau.

REGION VII

Alabama: Anniston, Birmingham, Decatur, Dothan, Gadsden, Mobile, Montgomery, Tuscaloosa.

Florida: Gainesville, Jacksonville, Miami, Orlando, Pensacola, St. Petersburg, Tallahassee, Tampa, West Palm Beach.

Georgia: Albany, Athens, Atlanta, Augusta, Columbus, La Grange, Macon, Rome, Savannah, Valdosta, Waycross.

Mississippi: Columbus, Greenwood, Gulfport, Hattiesburg, Jackson, Meridian, Tupelo, Vicksburg.

South Carolina: Charleston, Columbia, Florence, Greenville, Greenwood, Rock Hill, Spartanburg.

Tennessee: Chattanooga, Columbia, Dyersburg, Jackson, Johnson City, Knoxville, Memphis, Nashville.

REGION VIII

Iowa: Cedar Rapids, Davenport, Des Moines, Dubuque, Fort Dodge, Ottumwa, Sioux City, Waterloo.

Minnesota: Albert Lea, Bemidji, Duluth, Minneapolis, Redwood Falls, St. Cloud, St. Paul, Winona.

Nebraska: Alliance, Grand Island, Lincoln, North Platte, Omaha.

North Dakota: Bismarck, Fargo, Grand Forks, Minot.

South Dakota: Aberdeen, Rapid City, Sioux Falls.

REGION IX

Arkansas: El Dorado, Fort Smith, Harrison, Hot Springs, Jonesboro, Little Rock, Pine Bluff, Texarkana.

Kansas: Atchison, Dodge City, Goodland, Hutchinson, Independence, Kansas City, Pittsburg, Salina, Topeka, Wichita.

Missouri: Cape Girardeau, Clayton, Hannibal, Jefferson City, Joplin, Kan-

sas City, Poplar Bluff, St. Joseph, St. Louis (2), Sedalia, Springfield.

Oklahoma: Antlers, Ardmore, Clinton, Enid, Lawton, Muskogee, Oklahoma City, Ponca City, Shawnee, Tulsa.

REGION X

Louisiana: Alexandria, Baton Rouge, Lake Charles, Monroe, New Orleans, Shreveport.

New Mexico: Albuquerque, Roswell, Santa Fe.

Texas: Abilene, Amarillo, Austin, Beaumont, Big Spring, Brownsville, Corpus Christi, Dallas, El Paso, Fort Worth, Galveston, Houston, Lubbock, Lufkin, Paris, San Angelo, San Antonio, Tyler, Waco, Wichita Falls.

REGION XI

Colorado: Alamosa, Colorado Springs, Denver, Grand Junction, Greeley, Pueblo, Trinidad.

Idaho: Boise, Pocatello, Twin Falls.

Montana: Billings, Butte, Great Falls, Helena, Miles City, Missoula.¹

Utah: Ogden, Richfield, Salt Lake City.

Wyoming: Casper, Cheyenne, Rock Springs, Sheridan.

REGION XII

Arizona: Flagstaff, Phoenix, Tucson.

California: Bakersfield, Eureka, Fresno, Los Angeles County (Glendale; Hollywood; Huntington Park; Long Beach; Los Angeles; Pasadena), Oakland, Redding, Sacramento, San Bernardino, San Diego, San Francisco, San Jose, San Mateo, Santa Barbara, Santa Rosa, Stockton.

Nevada: Las Vegas, Reno.

Oregon: Eugene, Klamath Falls, La Grande, Portland, Salem.

Washington: Bellingham, Olympia, Seattle, Spokane, Tacoma, Yakima.

TERRITORIAL

Alaska: Juneau.

Hawaii: Honolulu.

¹ Opened during fiscal year 1942-43.

*Branch Offices of the Social Security Board, by Region and State,
as of June 30, 1943*

REGION I	REGION X
Massachusetts: Dorchester.	Texas: Laredo.
REGION IV	REGION XI
Virginia: Pulaski.	Colorado: Boulder.
	Montana: Havre.
	Utah: Provo.
REGION VI	REGION XII
Indiana: East Chicago.	Arizona: Globe, Prescott.
Wisconsin: Kenosha.	California: Santa Monica.
	Idaho: Lewiston.
REGION VII	Washington: Aberdeen.
Florida: Daytona Beach.	TERRITORIAL
South Carolina: Anderson.	Hawaii: Hilo.

*Number of Stations of the Social Security Board With Itinerant
Service, by Region and State, as of June 30, 1943*

Total	Number		Number
	1, 191	REGION VII—Continued.	
REGION I	85	Georgia	39
Connecticut	19	Mississippi	22
Maine	10	South Carolina	20
Massachusetts	36	Tennessee	39
New Hampshire	12	REGION VIII	27
Rhode Island	2	Iowa	3
Vermont	6	Minnesota	10
REGION II	71	Nebraska	14
New York	71	REGION IX	104
REGION III	87	Arkansas	31
Delaware	3	Kansas	24
New Jersey	17	Missouri	25
Pennsylvania	67	Oklahoma	24
REGION IV	121	REGION X	111
District of Columbia	3	Louisiana	20
Maryland	12	New Mexico	6
North Carolina	55	Texas	85
Virginia	31	REGION XI	32
West Virginia	20	Colorado	20
REGION V	166	Idaho	4
Kentucky	36	Montana	4
Michigan	56	Utah	1
Ohio	74	Wyoming	3
REGION VI	157	REGION XII	45
Illinois	53	Arizona	3
Indiana	57	California	29
Wisconsin	47	Oregon	7
REGION VII	168	Washington	6
Alabama	27	TERRITORIAL	17
Florida	21	Hawaii	17

Table 1.—*Administrative expenditures of the Social Security Board, fiscal years 1941-42 and 1942-43*¹

Expenditure	Fiscal year	
	1942-43	1941-42
Total.....	\$28, 195, 432	\$28, 198, 184
Salaries and travel.....	24, 692, 888	24, 248, 709
General expenses.....	* 3, 502, 544	* 3, 949, 475
Stationery and office supplies.....	354, 532	519, 721
Printed forms.....	255, 286	255, 985
Printing and binding (other than printed forms).....	452, 131	552, 384
Furniture and equipment.....	189, 386	424, 108
Storage and care of vehicles.....	497	440
Rental of office space.....	750, 918	677, 648
Rental of equipment.....	915, 903	956, 428
Heat, light, power, and water.....	67, 621	55, 775
Repairs and alterations.....	50, 160	27, 032
Telegraph.....	23, 571	24, 756
Telephone.....	237, 250	269, 230
Other communication services.....	59, 844	31, 815
Freight and express charges.....	61, 968	61, 657
Advertising and publication of notices.....	35	256
Special and miscellaneous current expenses.....	83, 442	92, 240

¹ Represents expenditures from both regular and defense appropriations and thus differs from expenditures in table 4, which excludes expenditures from defense appropriations.

* Excludes operating and maintenance expenses (guard, elevator, and cleaning services) and rental of office space in District of Columbia. Beginning July 1941, these expenditures were assumed by the Public Buildings Administration.

Table 2.—*Salaries, travel expenses, and personnel of the Social Security Board, by fiscal year, 1936-43*

Fiscal year and office	Salaries	Travel ex- penses	Personnel, June 30		
			Total	Depart- mental	Field ¹
Fiscal year:					
1935-36.....	\$460, 512	\$38, 944	736	634	102
1936-37.....	6, 350, 459	766, 257	5, 748	3, 313	2, 435
1937-38.....	13, 687, 843	968, 758	9, 612	5, 202	4, 410
1938-39.....	15, 966, 567	1, 015, 006	9, 661	5, 557	4, 104
1939-40.....	19, 201, 532	1, 418, 499	12, 164	7, 286	4, 878
1940-41.....	20, 693, 515	1, 522, 240	12, 682	8, 066	4, 616
1941-42.....	22, 707, 354	1, 541, 355	13, 297	8, 247	5, 050
1942-43.....	23, 757, 429	935, 459	10, 585	5, 846	4, 739
Office of the Social Security Board.....	70, 852	1, 687	18	17	1
Office of the Executive Director.....	1, 326, 915	44, 427	563	551	12
Regional and Territorial offices.....	901, 471	15, 930	385	-----	385
Office of the Actuary.....	57, 633	514	15	15	-----
Office of Appeals Council.....	122, 750	18, 554	33	12	21
Bureau of Old-Age and Survivors Insurance.....	17, 617, 521	496, 475	8, 734	4, 680	4, 054
Bureau of Employment Security.....	1, 684, 701	158, 128	222	192	30
Bureau of Public Assistance.....	907, 355	97, 370	262	168	94
Bureau of Accounts and Audits.....	702, 061	87, 411	238	127	111
Bureau of Research and Statistics.....	208, 381	2, 981	73	53	20
Informational Service.....	157, 789	11, 982	42	31	11

¹ Includes employees in Baltimore who have field status.

Table 3.—*Advances certified¹ by the Social Security Board to the Secretary of the Treasury for Federal grants to States for public assistance and for unemployment compensation administration, and expenditures for employment services administered by the Social Security Board, by fiscal year, 1936-43, and by State, fiscal year 1942-43*

[In thousands;² data corrected to June 30, 1943]

Fiscal year and State	Total grants to States ³	Public assistance ⁴			Employment security ⁵	
		Old-age assistance	Aid to dependent children	Aid to the blind	Unemployment compensation administration	Employment services administered by the Social Security Board ⁶
Fiscal year:						
1935-36.....	\$26, 374	\$21, 421	\$2, 805	\$1, 126	\$1, 022	-----
1936-37.....	155, 190	127, 634	13, 901	4, 580	9, 075	-----
1937-38.....	251, 877	179, 200	25, 237	5, 184	42, 256	-----
1938-39.....	302, 542	208, 051	30, 497	5, 236	58, 758	-----
1939-40.....	345, 038	231, 079	46, 113	6, 228	58, 340	-----
1940-41.....	392, 402	259, 875	62, 992	7, 073	⁷ 62, 462	-----
1941-42.....	426, 682	297, 357	69, 381	7, 947	⁸ 51, 997	⁹ \$18, 490
1942-43.....	435, 102	319, 176	67, 927	8, 519	¹⁰ 39, 480	¹¹ 15, 622
Alabama.....	2, 364	1, 342	632	45	345	218
Alaska.....	330	279	(¹²)	(¹²)	51	19
Arizona.....	2, 875	2, 175	467	90	143	80
Arkansas.....	3, 224	1, 999	778	108	339	210
California.....	42, 729	35, 254	2, 533	1, 696	3, 246	1, 276
Colorado.....	9, 930	8, 533	1, 062	139	196	150
Connecticut.....	4, 442	3, 172	480	32	758	257
Delaware.....	424	184	104	(¹²)	136	32
District of Columbia.....	1, 218	591	264	65	298	(¹³)
Florida.....	5, 315	3, 876	727	277	435	174
Georgia.....	5, 528	4, 093	694	178	563	222
Hawaii.....	435	154	162	9	110	39
Idaho.....	2, 386	1, 643	551	47	145	67
Illinois.....	34, 210	25, 626	5, 637	(¹²)	2, 947	1, 061
Indiana.....	12, 985	9, 039	2, 471	410	1, 065	435
Iowa.....	8, 037	7, 471	(¹²)	268	298	178
Kansas.....	6, 478	4, 705	1, 232	221	320	139
Kentucky.....	4, 871	4, 110	152	80	529	206
Louisiana.....	6, 985	3, 870	2, 478	187	450	205
Maine.....	2, 916	2, 123	408	141	244	95
Maryland.....	3, 525	1, 928	1, 030	89	478	188
Massachusetts.....	21, 684	17, 369	2, 376	175	1, 764	641
Michigan.....	18, 259	12, 636	3, 540	252	1, 831	821
Minnesota.....	11, 602	8, 934	1, 696	186	786	291
Mississippi.....	2, 100	1, 455	327	93	225	163
Missouri.....	16, 112	12, 445	2, 568	(¹²)	1, 099	562
Montana.....	2, 515	1, 795	496	53	171	70
Nebraska.....	5, 020	3, 788	913	101	218	132
Nevada.....	526	418	(¹²)	(¹²)	108	31
New Hampshire.....	1, 460	1, 042	188	49	181	65
New Jersey.....	7, 474	4, 123	1, 379	120	1, 852	611
New Mexico.....	1, 344	651	543	36	114	48
New York.....	30, 631	19, 358	4, 944	531	5, 798	1, 559
North Carolina.....	4, 430	2, 538	1, 067	243	582	298
North Dakota.....	1, 763	1, 164	484	20	95	56
Ohio.....	27, 437	22, 291	2, 370	561	2, 215	846
Oklahoma.....	14, 136	10, 708	2, 747	327	354	235
Oregon.....	4, 288	3, 289	364	78	557	228
Pennsylvania.....	26, 963	14, 763	8, 948	(¹²)	3, 252	1, 321
Rhode Island.....	1, 809	1, 118	298	17	376	143
South Carolina.....	2, 284	1, 424	439	65	356	143
South Dakota.....	2, 293	1, 811	364	28	90	54
Tennessee.....	5, 365	3, 039	1, 686	126	514	246
Texas.....	26, 124	22, 608	1, 902	574	1, 040	696
Utah.....	3, 248	2, 443	574	29	202	76
Vermont.....	893	586	144	23	140	42
Virginia.....	2, 581	1, 217	695	101	• 568	191
Washington.....	15, 153	13, 311	909	204	729	347
West Virginia.....	5, 293	2, 386	2, 268	142	497	129
Wisconsin.....	10, 224	7, 704	1, 677	277	566	283
Wyoming.....	882	595	159	24	104	42

See footnotes on following page.

Table 4.—*Federal appropriations and expenditures for administrative expenses and grants to States under the Social Security Act, fiscal years 1941-42 and 1942-43*¹[In thousands ²]

Item	Fiscal year 1942-43		Fiscal year 1941-42	
	Appropriations ³	Expenditures ⁴	Appropriations ³	Expenditures ⁴
Total.....	\$544,688	\$503,692	\$503,829	\$501,020
Administrative expenses.....	27,128	33,276	26,129	31,461
Federal Security Agency, Social Security Board ⁵	26,642	25,524	25,655	24,752
Department of Labor, Children's Bureau.....	376	366	364	363
Department of Commerce, Bureau of the Census.....	110	433	110	115
Department of the Treasury ⁶	(7)	6,954	(7)	6,231
Grants to States.....	517,560	470,416	477,700	469,559
Federal Security Agency.....	506,360	458,509	466,500	458,062
Social Security Board.....	495,360	447,852	455,500	446,672
Old-age assistance.....	329,000	316,939	300,000	299,054
Aid to dependent children.....	78,000	67,287	74,000	69,406
Aid to the blind.....	8,710	8,493	9,000	7,954
Unemployment compensation administration.....	79,650	⁸ 55,134	72,500	⁸ 70,257
Public Health Service: Public health work.....	11,000	10,657	11,000	11,390
Department of Labor, Children's Bureau.....	11,200	11,907	11,200	11,497
Maternal and child health services.....	5,820	6,519	5,820	5,927
Services for crippled children.....	3,870	3,818	3,870	3,957
Child welfare services.....	1,510	1,570	1,510	1,573

¹ Excludes some funds appropriated and expended under the Social Security Act, because they are not separated from other Federal funds for similar purposes. Such is the case with funds for vocational rehabilitation for which \$112,000 was appropriated for 1941-42 and \$95,120 for 1942-43 for administration in the Office of Education, and \$2,650,000 for 1941-42 and \$2,800,000 for 1942-43 for grants to States. For disease and sanitation investigations of the Public Health Service, appropriations were \$1,742,481 for 1941-42 and \$1,419,680 for 1942-43 in addition to grants shown in this table.

² Totals are sums of unrounded figures; therefore may differ slightly from sums of rounded figures.

³ Excludes unexpended balance of appropriations for previous fiscal year. Appropriations for 1941-42 include additional appropriations of \$40 million approved Apr. 28, 1942.

⁴ Based on checks cashed and returned to the Treasury. Includes expenditures from reappropriated balance of appropriations for previous fiscal year.

⁵ Includes amounts expended by the Board in administration of title II of the Social Security Act, reimbursed to general fund of the Treasury. Includes amounts for administration of the Wagner-Peyser Act July-December 1941. See footnote 8.

⁶ Represents amounts expended by the Treasury in administration of title II of the Social Security Act and the Federal Insurance Contributions Act, reimbursed to general fund of the Treasury.

⁷ Not available.

⁸ For July-December 1941, includes grants certified by the Social Security Board to States for employment service administration to meet requirements of unemployment compensation program, and excludes grants to States for employment service administration under the Wagner-Peyser Act. For January-November 1942, includes Federal expenditures for operation of employment services in the States.

Source: Various Federal appropriation acts (appropriations); *Daily Statement of the U. S. Treasury* (expenditures).

Footnotes to table 3.

¹ Advances are certified for specified period of operation which is not necessarily period in which certification is made.

² Totals are sums of unrounded figures; therefore may differ slightly from sums of rounded figures.

³ Excludes expenditures for employment services administered by the Social Security Board.

⁴ Data not comparable with expenditures for assistance and administration in table 10.

⁵ Excludes grants to States for employment service administration under the Wagner-Peyser Act which amounted to \$3.3 million in 1939-40, \$3.2 million in 1940-41, and \$1.6 million in 1941-42.

⁶ As of Dec. 1, 1942, U. S. Employment Service was transferred to the War Manpower Commission. For January-November 1942, USES was administered by the Social Security Board and financed solely from funds under title III of the Social Security Act. Prior to 1942, USES was financed from 3 sources: State funds, matching Federal grants to States under the Wagner-Peyser Act, and Federal grants under title III of the Social Security Act.

⁷ Excludes \$1,156,859 expended for postage.

⁸ For July-December 1941, includes grants certified by the Social Security Board to States for employment service administration to meet requirements of unemployment compensation program; excludes \$1,922,789 expended for postage.

⁹ For January-June 1942.

¹⁰ Excludes \$670,846 expended for postage.

¹¹ For July-November 1942.

¹² No plan approved by the Social Security Board.

¹³ Not available; funds for the District of Columbia employment service included in funds of the Federal Bureau of Employment Security.

Table 5.—*Old-age and survivors insurance and unemployment compensation: Federal tax collections and financial operations of trust funds, by fiscal year, 1937-43, and by month, fiscal year 1942-43*

[In millions ¹⁾

Fiscal year and month	Old-age and survivors insurance trust fund				Unemployment trust fund					
	Federal insurance contributions ²	Federal unemployment taxes ³	Transfers and appropriations ⁴	Interest: ⁵	Benefit pay-ments ⁶	Reimburse-ment for adminis-trative ex-penses	Balance, end of period	State accounts		
								Deposits	Interest	With-drawals ⁷
Fiscal year:										
1936-37.....	\$194	9 \$58	\$265	\$2	(¹⁰)	---	\$292	\$3	\$1	\$312
1937-38.....	514	90	387	15	\$5	---	748	15	191	884
1938-39.....	501	101	503	27	14	---	811	27	442	1,281
1939-40.....	550	108	550	42	16	---	860	38	485	1,795
1940-41.....	605	108	638	56	64	\$12	892	46	537	2,094
1941-42.....	691	98	806	71	110	27	1,093	62	368	2,834
1942-43.....	896	120	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
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1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
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1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
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1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
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1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
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1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130	158	1,130	87	149	27	1,218	76	174	4,003
1942-43.....	1,130									

¹ Totals are sums of unrounded figures; therefore may differ slightly from sums of rounded figures.

² Tax effective Jan. 1, 1937, payable by employers and employees.

³ Tax effective Jan. 1, 1936, payable by employers only. Excludes amounts paid into State unemployment funds.

⁴ Beginning July 1940, trust fund appropriations equal taxes collected under the Federal Insurance Contributions Act.

⁵ Interest on investments held is credited annually in June; on investments redeemed, in month of redemption.

⁶ Based on checks cashed and returned to the Treasury.

⁷ Includes \$105,901,000 transferred from State accounts to railroad unemployment insurance account.

⁸ Includes balance in railroad unemployment insurance account.

⁹ Includes \$40,551,889 subsequently refunded to States which did not collect taxes on 1936 pay rolls and in which employers paid full tax to the Federal Government.

¹⁰ Less than \$500,000.

Source: Compiled from data in the *Daily Statement of the U. S. Treasury*.

Table 6.—Unemployment trust fund:¹ Deposits, interest, withdrawals, and balance at end of period, by State, fiscal year 1942-43[In thousands ²]

State	Balance, June 30, 1942	Fiscal year 1942-43			Balance, June 30, 1943
		Deposits	Interest	With- drawals	
Total.....	\$3, 144, 021	\$1, 316, 485	\$82, 440	\$171, 600	\$4, 371, 347
State accounts, total.....	2, 880, 900	1, 218, 078	75, 583	171, 600	4, 002, 961
Alabama.....	31, 280	12, 369	808	2, 635	41, 822
Alaska.....	2, 202	1, 393	63	10	3, 648
Arizona.....	5, 984	4, 142	179	130	10, 176
Arkansas.....	10, 733	6, 398	309	535	16, 905
California.....	226, 505	143, 396	6, 501	12, 900	363, 502
Colorado.....	15, 184	6, 528	411	246	21, 877
Connecticut.....	76, 116	28, 931	2, 006	1, 665	105, 388
Delaware.....	10, 149	1, 425	240	180	11, 634
District of Columbia.....	23, 207	8, 585	720	629	36, 883
Florida.....	16, 664	10, 734	449	2, 210	25, 636
Georgia.....	34, 723	12, 070	878	2, 250	45, 420
Hawaii.....	9, 854	2, 925	255	50	12, 984
Idaho.....	4, 035	3, 895	133	145	7, 919
Illinois.....	275, 263	90, 889	6, 958	23, 500	349, 610
Indiana.....	73, 698	33, 032	1, 969	3, 800	104, 900
Iowa.....	26, 320	8, 157	666	725	34, 418
Kansas.....	18, 642	10, 713	524	675	29, 204
Kentucky.....	45, 895	12, 600	1, 155	1, 360	58, 290
Louisiana.....	23, 313	15, 070	657	2, 400	36, 640
Maine.....	10, 254	8, 930	319	742	18, 760
Maryland.....	41, 825	27, 762	1, 234	1, 800	69, 021
Massachusetts.....	123, 541	33, 235	3, 059	5, 700	154, 135
Michigan.....	123, 053	55, 885	3, 245	9, 300	172, 833
Minnesota.....	30, 353	14, 818	809	2, 105	43, 875
Mississippi.....	6, 834	5, 580	208	558	12, 064
Missouri.....	87, 382	14, 620	2, 033	4, 675	99, 369
Montana.....	6, 432	3, 554	183	162	10, 007
Nebraska.....	10, 590	4, 390	278	270	14, 988
Nevada.....	2, 037	3, 166	83	25	5, 260
New Hampshire.....	10, 225	3, 974	271	420	14, 050
New Jersey.....	210, 161	59, 890	5, 161	9, 675	265, 537
New Mexico.....	3, 680	1, 850	5, 103	55	5, 578
New York.....	349, 109	192, 306	9, 149	50, 170	500, 393
North Carolina.....	40, 241	20, 062	1, 121	1, 460	59, 964
North Dakota.....	2, 544	705	64	70	3, 243
Ohio.....	249, 797	50, 980	6, 045	4, 945	301, 877
Oklahoma.....	22, 622	7, 410	574	990	29, 616
Oregon.....	19, 814	14, 747	609	482	34, 688
Pennsylvania.....	261, 251	133, 440	7, 176	8, 300	393, 567
Rhode Island.....	27, 091	15, 538	756	2, 555	40, 830
South Carolina.....	18, 493	6, 265	473	910	24, 321
South Dakota.....	3, 846	898	97	46	4, 795
Tennessee.....	24, 020	16, 695	680	3, 400	37, 995
Texas.....	72, 728	23, 637	1, 873	1, 400	96, 838
Utah.....	6, 777	6, 170	217	220	12, 943
Vermont.....	5, 335	2, 031	141	130	7, 377
Virginia.....	30, 776	12, 165	804	1, 660	42, 086
Washington.....	39, 393	28, 720	1, 206	525	68, 794
West Virginia.....	31, 727	12, 787	832	1, 385	43, 961
Wisconsin.....	71, 082	21, 042	1, 808	1, 420	92, 513
Wyoming.....	3, 120	1, 563	89	(3)	4, 772
Railroad unemployment insurance account.....	263, 121	98, 408	6, 857	(4)	368, 386

¹ Trust fund maintains separate account for each State agency, in which are held all moneys deposited from State unemployment funds and from which State agencies withdraw amounts as required for benefit payments. Railroad unemployment insurance benefits are certified by the Railroad Retirement Board and made by the Secretary of the Treasury from the railroad account in the trust fund.

² Totals are sums of unrounded figures; therefore may differ slightly from sums of rounded figures.

³ Cash in State benefit-payment account was sufficient to cover benefit expenditures of \$26,229 without withdrawal from account in trust fund in fiscal year.

⁴ Cash in disbursing account was sufficient to cover benefit expenditures of \$1,830,000 without withdrawal from fund in the fiscal year.

Source: Compiled from data furnished by the Treasury Department, Office of the Commissioner of Accounts and Deposits.

Table 7.—*Old-age and survivors insurance: Summary of selected data, by State and specified period*

State	Em- ployee accounts estab- lished, fiscal year 1942-43 ¹	Workers with taxable wages, calendar year 1941 ²	Average taxable wage per worker, calen- dar year 1941 ³	Monthly benefits in force, Dec. 31, 1942				Month- ly bene- fits cer- tified, fiscal year 1942-43 ³ (in thous- ands)	Lump- sum pay- ments certi- fied, fiscal year 1942-43 ⁴ (in thous- ands)
				Total		In current- payment status ⁵			
				Num- ber	Monthly amount	Num- ber	Monthly amount		
Total	8,326,799	39,866,350	\$1,011	691,617	\$12,574,323	598,342	\$10,781,532	\$139,139	\$16,545
Alabama	177,762	602,300	745	10,261	147,308	9,296	131,702	1,708	192
Alaska	3,569	31,625	1,112	183	3,583	147	2,839	36	7
Arizona	40,897	113,050	868	1,988	33,218	1,769	29,008	375	47
Arkansas	120,560	279,700	530	4,470	63,373	3,993	55,950	725	69
California	614,511	2,540,825	1,078	41,094	807,179	34,216	665,053	8,560	1,100
Colorado	72,629	272,175	836	5,161	95,057	4,366	79,324	1,022	106
Connecticut	98,870	807,975	1,258	12,659	244,388	10,724	206,945	2,671	367
Delaware	17,693	122,575	1,155	1,781	33,109	1,539	28,281	365	47
District of Columbia	63,192	259,425	938	2,942	54,906	2,577	47,874	619	113
Florida	143,444	554,125	628	10,582	185,044	9,227	161,000	2,070	182
Georgia	201,630	768,175	630	10,072	142,857	8,941	123,666	1,605	214
Hawaii	15,991	116,300	756	2,203	34,689	1,906	29,757	385	27
Idaho	30,034	109,575	763	1,707	29,219	1,425	23,751	306	27
Illinois	461,169	2,983,660	1,112	47,701	927,076	41,028	792,373	10,217	1,354
Indiana	238,384	1,133,100	1,059	18,775	337,064	16,441	292,977	3,778	449
Iowa	115,344	498,350	812	9,216	160,018	7,979	137,466	1,769	162
Kansas	104,000	347,100	724	6,071	103,603	5,288	89,370	1,151	104
Kentucky	144,159	488,300	789	11,477	176,245	10,415	157,617	2,042	204
Louisiana	146,817	550,200	700	7,799	119,505	6,820	102,843	1,335	196
Maine	48,771	282,300	790	5,919	101,427	4,938	84,410	1,085	112
Maryland	111,036	660,700	999	9,977	175,837	8,732	153,864	1,989	308
Massachusetts	265,393	1,646,825	1,088	33,653	650,192	28,620	552,938	7,125	810
Michigan	367,035	1,921,650	1,310	28,638	531,384	24,565	450,421	5,833	807
Minnesota	144,649	603,925	925	10,646	205,824	9,332	178,743	2,303	225
Mississippi	113,837	301,425	545	4,089	55,154	3,527	45,523	592	81
Missouri	227,903	1,050,325	916	16,616	303,503	14,236	258,113	3,324	399
Montana	24,570	125,200	890	2,100	39,039	1,798	33,221	429	62
Nebraska	70,864	225,800	724	3,623	62,935	3,079	52,583	677	65
Nevada	9,663	40,325	970	468	8,623	391	6,995	91	14
New Hampshire	24,936	158,900	860	4,142	72,853	3,434	59,816	767	72
New Jersey	239,513	1,615,775	1,177	30,680	611,583	26,471	528,221	6,811	852
New Mexico	30,549	91,125	683	1,213	18,005	1,066	15,562	203	20
New York	842,133	5,160,675	1,145	92,997	1,815,729	79,893	1,557,986	20,071	2,436
North Carolina	198,873	852,300	654	12,438	171,757	11,084	150,764	1,956	231
North Dakota	22,077	74,750	613	925	15,746	807	13,543	175	16
Ohio	473,326	2,425,450	1,195	44,914	854,928	38,682	727,192	9,381	1,117
Oklahoma	158,283	390,575	755	5,729	96,366	5,013	83,325	1,079	109
Oregon	90,920	354,475	973	6,074	111,338	4,762	86,111	1,109	151
Pennsylvania	581,214	3,323,850	1,142	71,367	1,320,580	63,094	1,162,237	15,007	1,614
Rhode Island	40,045	320,000	1,046	5,933	111,529	4,974	93,976	1,209	161
South Carolina	104,678	453,575	611	6,624	87,601	5,905	76,114	989	111
South Dakota	26,252	81,575	680	1,223	21,569	1,074	18,606	239	22
Tennessee	189,315	667,275	714	10,203	150,458	8,995	129,693	1,680	186
Texas	472,966	1,532,750	746	19,585	309,104	17,207	266,890	3,460	461
Utah	46,831	127,875	815	2,536	44,068	2,187	37,412	485	37
Vermont	15,377	94,975	772	2,422	42,785	1,997	34,857	449	36
Virginia	153,774	754,650	774	11,538	173,014	10,187	151,330	1,963	252
Washington	137,289	567,625	1,082	10,982	212,073	8,916	169,331	2,178	270
West Virginia	95,075	483,300	1,010	11,760	190,716	10,835	174,168	2,262	161
Wisconsin	174,956	838,850	1,076	15,417	292,805	13,527	253,819	3,272	351
Wyoming	13,441	59,025	871	838	14,978	720	12,725	165	15
Foreign				206	3,382	197	3,244	42	(7)

¹ Includes approximately 107,000 applications from War Department civilian employees.² Compiled from 4-percent sample which includes wage records of 1,594,654 workers and \$1,611,492,633 in taxable wages identified for posting to individual accounts by July 1, 1942. Taxable wages in tabulation exclude wages in excess of first \$3,000 a year earned by a worker. Tabulation excludes data for workers whose sex and/or race was unreported, items not identified for posting, and items reported too late for inclusion in tabulation. It is estimated that tabulations include 97.7 percent of total workers and 96.0 percent of total taxable wages paid during year.³ Unadjusted for nontaxable wages erroneously reported, or for wages not counted in determining insurance benefit. Wages over \$3,000 a year paid to a worker by a single employer are not taxable. Beginning 1940, all wages in excess of \$3,000 a year received by a worker are excluded in benefit computations.⁴ Subject to no deduction from current month's benefit or only to deduction of fixed amount which is less than current month's benefit.⁵ Includes retroactive payments. Distribution by State estimated. Corrected to July 30, 1943.⁶ Payable under 1939 amendments with respect to workers who died after December 1939, if no survivor could be entitled to monthly benefits for month in which worker died. Distribution by State estimated. Corrected to July 30, 1943.⁷ Less than \$500.

Table 8.—*Old-age and survivors insurance: Number and amount of monthly benefits in force and in current-payment status,¹ by type of benefit, June 30, 1941-43*

Type of benefit	June 30, 1943		June 30, 1942		June 30, 1941	
	Number	Monthly amount	Number	Monthly amount	Number	Monthly amount
In force.....	795,712	\$14,484,616	595,590	\$10,829,913	372,339	\$6,815,164
Primary.....	349,240	8,078,785	277,463	6,333,159	184,545	4,187,238
Wife's.....	99,516	1,225,285	77,677	943,617	49,365	597,778
Child's.....	220,547	2,701,544	155,790	1,897,210	91,428	1,114,016
Widow's.....	38,191	769,315	21,934	443,046	9,709	197,141
Widow's current.....	84,669	1,663,327	60,507	1,180,290	35,861	700,441
Parent's.....	3,549	46,360	2,510	32,591	1,431	18,550
In current-payment status.....	676,302	12,198,617	529,876	9,554,886	336,240	6,095,575
Primary.....	284,063	6,598,535	237,459	5,431,459	160,401	3,635,737
Wife's.....	84,398	1,045,686	68,760	838,431	44,320	537,140
Child's.....	201,954	2,478,715	147,674	1,803,424	88,091	1,076,136
Widow's.....	37,680	758,205	21,694	437,580	9,567	193,834
Widow's current.....	64,711	1,271,749	51,789	1,011,528	32,444	634,351
Parent's.....	3,496	45,727	2,500	32,464	1,417	18,377

¹ Subject to no deduction from current month's benefit or only to deduction of fixed amount which is less than current month's benefit.

Table 9.—*Unemployment compensation: Summary of selected data, by fiscal year, 1940-43, and by State, fiscal year 1942-43*

[Corrected to July 27, 1943]

Fiscal year and State	Number of subject employers, Mar. 31, 1943	Workers with wage credits ¹	Beneficiaries ²	Weeks compensated	Continued claims ³	Benefit payments ⁴ (in thousands)	Funds available for benefits, June 30 ⁵ (in thousands)	Ratio of benefits ⁴ to collections ⁶ (per cent)	Administrative expenditures ⁷ (in thousands)
Fiscal year:									
1939-40.....	⁸ 810,663	30,086,000	5,041,000	⁹ 47,085,461	63,775,206	\$482,507	\$1,707,046	56.5	\$65,552
1940-41.....	⁸ 851,088	31,947,000	3,859,399	41,741,246	53,261,826	432,416	2,104,873	48.7	68,711
1941-42.....	⁸ 893,842	37,200,000	3,243,715	32,022,797	40,213,890	369,745	2,891,115	33.8	74,789
1942-43.....	¹⁰ 880,311	40,600,000	1,220,994	13,968,005	16,685,667	176,072	4,007,524	14.5	38,265
Alabama.....	6,307	736,000	21,086	268,806	341,659	2,708	41,893	21.8	345
Alaska.....	568	35,000	319	2,677	3,847	33	3,663	2.4	50
Arizona.....	4,051	183,000	1,570	11,516	34,114	136	10,189	3.3	139
Arkansas.....	18,379	403,000	10,949	66,517	104,455	539	16,928	8.4	313
California.....	50,646	3,333,000	72,746	941,068	1,042,053	13,367	363,927	9.3	3,106
Colorado.....	3,925	331,000	2,326	23,474	44,445	257	21,902	3.9	192
Connecticut.....	13,089	989,000	16,059	130,141	144,726	1,696	105,463	5.8	705
Delaware.....	5,190	144,000	2,538	23,464	25,633	205	11,663	14.3	136
Dist. of Columbia.....	¹⁰ 17,257	359,000	3,588	46,536	49,947	634	36,898	7.4	301
Florida.....	7,193	691,000	23,944	227,853	306,277	2,331	25,689	21.7	435
Georgia.....	8,498	806,000	19,462	249,802	320,997	2,376	45,536	19.6	564
Hawaii.....	4,781	205,000	557	4,336	3,603	57	12,988	1.9	103
Idaho.....	7,885	153,000	1,765	12,550	20,806	161	7,916	4.2	144
Illinois.....	41,330	3,172,000	159,335	1,788,920	1,856,960	24,262	350,097	26.7	2,847
Indiana.....	11,245	1,233,000	(¹¹)	315,439	369,074	3,942	104,945	11.9	1,070
Iowa.....	8,445	503,000	9,564	76,207	105,239	764	34,456	9.4	285
Kansas.....	5,166	362,000	7,558	67,631	92,350	752	29,254	7.0	318
Kentucky.....	8,999	568,000	14,474	160,083	219,303	1,351	58,421	10.7	531
Louisiana.....	11,859	626,000	22,055	234,749	329,856	2,472	36,759	16.4	429
Maine.....	3,907	273,000	7,936	83,496	96,142	738	18,517	8.3	242
Maryland.....	13,520	833,000	16,916	160,290	171,039	1,960	69,105	7.1	467
Massachusetts.....	63,602	1,736,000	47,004	525,561	590,451	5,730	154,438	17.2	1,672
Michigan.....	16,421	2,050,000	63,518	606,897	652,957	10,005	173,104	17.9	1,830
Minnesota.....	25,941	653,000	17,190	179,228	237,031	2,192	43,940	14.9	778
Mississippi.....	4,213	333,000	6,485	61,706	91,870	595	12,074	10.7	222
Missouri.....	12,446	1,091,000	39,507	380,790	525,826	4,687	99,500	32.1	1,028
Montana.....	8,947	134,000	1,711	17,134	20,115	184	10,021	5.2	158
Nebraska.....	3,961	265,000	3,063	25,899	38,408	279	15,015	6.4	214
Nevada.....	2,790	105,000	303	4,010	6,463	53	5,276	1.7	104
New Hampshire.....	4,003	188,000	5,066	45,977	56,400	428	14,114	10.8	169

Table continued on following page.

Table 9.—Unemployment compensation: Summary of selected data, by fiscal year, 1940-43, and by State, fiscal year 1942-43—Continued

Fiscal year and State	Number of subject employers, Mar. 31, 1943	Workers with wage credits ¹	Beneficiaries ²	Weeks compensated	Continued claims ³	Benefit payments ⁴ (in thousands)	Funds available for benefits, June 30 ⁵ (in thousands)	Ratio of benefits ⁶ to collections ⁶ (percent)	Administrative expenditures ⁷ (in thousands)
New Jersey.....	19,473	1,755,000	84,965	752,568	872,571	9,994	265,692	16.7	1,920
New Mexico.....	5,209	129,000	766	8,864	13,481	85	5,505	4.6	116
New York.....	126,360	5,787,000	272,681	3,714,027	4,197,293	50,577	501,004	26.3	5,467
North Carolina.....	9,849	965,000	21,720	230,140	262,687	1,560	60,497	7.8	596
North Dakota.....	1,496	59,000	603	7,271	9,862	70	3,253	9.9	91
Ohio.....	52,650	2,865,000	35,311	426,461	537,594	5,021	302,002	9.9	2,083
Oklahoma.....	6,056	454,000	8,882	88,031	140,229	1,078	29,652	14.5	332
Oregon.....	9,028	423,000	5,691	37,877	45,945	475	34,739	3.2	522
Pennsylvania.....	143,950	4,014,000	72,549	649,045	1,010,251	8,324	393,832	6.2	3,141
Rhode Island.....	6,493	387,000	18,343	204,780	221,241	2,685	40,934	17.3	367
South Carolina.....	4,209	481,000	9,635	105,620	167,182	948	24,331	15.2	361
South Dakota.....	1,711	81,000	573	6,064	9,190	55	4,801	6.1	91
Tennessee.....	6,893	710,000	28,982	336,206	413,709	3,365	33,301	20.2	516
Texas.....	17,685	1,660,000	18,451	171,646	294,288	1,509	96,876	6.4	1,002
Utah.....	6,961	197,000	1,753	13,463	13,727	195	12,968	3.2	196
Vermont.....	1,643	93,000	1,469	15,133	20,594	153	7,385	7.6	127
Virginia.....	8,555	891,000	15,777	164,947	173,538	1,610	41,423	14.2	549
Washington.....	34,950	863,000	6,754	39,299	59,602	472	68,835	1.6	707
West Virginia.....	4,566	507,000	17,237	125,690	150,286	1,425	44,033	11.1	483
Wisconsin.....	14,064	889,000	(11)	125,475	175,395	1,561	92,577	7.4	597
Wyoming.....	3,946	77,000	278	2,341	3,956	26	4,803	1.7	104

¹ Represents estimated number of different workers in each State with wages in covered employment some time in calendar year 1939, 1940, 1941, and 1942, after adjustment for duplication resulting from employment of individual workers in more than 1 State during same year.

² Based on number of first payments. Data for 1939-40 partly estimated. Totals exclude figures for Indiana and Wisconsin; data not comparable.

³ Represents applications for waiting-period credits or benefits which certify to completion of waiting-period week or benefit period.

⁴ Adjusted for voided benefit checks.

⁵ Represents sum of balances in State clearing account, benefit-payment account, and unemployment trust fund account maintained in the U. S. Treasury.

⁶ Represents contributions, penalties, and interest from employers, and contributions from employees. Adjusted for refunds of contributions and for dishonored contribution checks.

⁷ Data for fiscal years 1939-40 and 1940-41 and for July-December 1941 represent employment security administrative expenditures by State agencies from State and local funds and from Federal grants under the Social Security Act (title III) and the Wagner-Peyser Act. Data for January-November 1942 represent employment security administrative expenditures by State agencies from Federal grants under the Social Security Act (title III) and Federal expenditures for the operation of employment services in the States. Data for December 1942-June 1943 represent employment security expenditures by State agencies from Federal grants under the Social Security Act (title III).

⁸ As of end of fiscal year.

⁹ Data for 1939 represent number of payments.

¹⁰ As of Mar. 31, 1943, except the District of Columbia, as of Dec. 31, 1942. Data for the District of Columbia represent reporting units.

¹¹ Not comparable.

Table 10.—*Special types of public assistance under State plans approved by the Social Security Board: Expenditures for assistance and administration,¹ by State, fiscal year 1942-43*

Fiscal year and State	Old-age assistance				Aid to dependent children				Aid to the blind			
	Total ² (in thousands)	Percentage distribution ³			Total ² (in thousands)	Percentage distribution ³			Total ² (in thousands)	Percentage distribution ³		
		Federal funds	State funds	Local funds		Federal funds	State funds	Local funds		Federal funds	State funds	Local funds
Fiscal year:												
1940-41 ⁴	\$535,377	49.2	40.5	10.3	\$152,224	41.2	39.0	19.8	\$15,016	47.3	33.7	19.0
1941-42 ⁴	602,024	49.2	41.2	9.6	167,658	41.2	40.9	17.9	16,521	47.3	34.9	17.8
1942-43 ⁴	652,891	49.1	41.6	9.2	161,926	40.3	43.2	16.5	17,965	47.6	36.0	16.4
Ala.	2,876	47.0	29.5	23.5	1,217	50.0	25.7	24.3	95	50.0	25.7	24.3
Alaska	561	49.4	50.6	—	—	—	—	—	—	—	—	—
Ariz.	4,360	50.4	49.6	—	882	50.0	50.0	—	178	50.0	50.0	—
Ark.	3,972	49.6	50.4	—	1,411	50.0	50.0	—	213	50.0	50.0	—
Calif.	71,280	49.8	23.9	26.3	7,992	31.4	38.0	30.6	⁵ 4,158	40.6	29.3	30.1
Colo.	⁶ 19,754	45.7	53.6	.7	2,051	50.0	24.9	25.1	277	50.0	24.9	25.1
Conn.	6,220	50.6	49.4	—	1,543	29.1	42.4	28.5	⁷ 66	50.0	50.0	—
Del.	368	47.4	52.6	—	195	44.7	31.8	23.5	—	—	—	—
D. C.	1,197	48.0	52.0	—	527	46.6	53.4	—	127	50.0	50.0	—
Fla.	7,923	48.5	51.5	—	⁷ 1,405	50.0	50.0	—	⁷ 543	50.0	50.0	—
Ga.	8,543	48.0	46.6	5.4	1,345	50.0	44.7	5.3	351	50.0	44.7	5.3
Hawaii	(⁴)	—	—	—	(⁴)	—	—	—	(⁴)	—	—	—
Idaho	3,227	50.1	49.9	—	1,047	50.0	50.0	—	91	50.0	50.0	—
Ill. ⁸	51,415	50.3	49.7	—	10,574	50.0	50.0	—	—	—	—	—
Ind.	18,195	49.4	29.9	20.7	5,202	45.2	32.2	22.6	836	50.0	48.0	2.0
Iowa	15,461	49.6	50.0	.4	—	—	—	—	540	50.0	25.6	24.4
Kans.	9,548	48.0	25.8	26.2	2,824	40.9	18.9	40.2	439	48.8	17.4	33.8
Ky.	7,347	49.2	50.8	—	⁹ 144	50.0	50.0	—	¹⁰ 138	50.0	50.0	—
La.	7,798	47.2	52.8	—	5,246	45.1	54.9	—	381	49.4	50.6	—
Maine	4,388	49.4	50.6	—	967	39.9	31.2	28.9	297	50.0	50.0	—
Md.	4,033	47.7	35.5	16.8	2,002	50.0	35.4	14.6	170	50.0	16.4	33.6
Mass.	36,810	47.7	32.8	19.5	8,078	28.8	31.9	39.3	339	50.0	50.0	—
Mich.	25,520	49.8	50.2	(¹¹)	10,332	34.2	58.5	7.3	485	50.0	50.0	(¹¹)
Minn.	17,964	50.1	31.8	18.1	3,626	45.2	20.9	33.9	394	49.3	45.7	5.0
Miss.	3,064	48.3	51.6	.1	649	50.0	49.9	.1	186	50.0	50.0	(¹¹)
Mo.	25,361	49.3	50.4	.3	5,260	50.0	49.7	.3	—	—	—	—
Mont.	3,688	49.2	33.2	17.6	886	49.8	33.9	16.3	109	49.7	32.8	17.5
Nebr.	7,500	49.6	50.4	—	⁷ 1,784	50.0	50.0	—	⁷ 197	50.0	50.0	—
Nev.	839	49.9	26.3	23.8	—	—	—	—	—	—	—	—
N. H.	2,171	49.3	27.2	23.5	517	34.2	65.8	—	99	50.0	50.0	—
N. J.	8,693	47.4	34.7	17.9	2,823	46.1	22.1	31.8	238	49.1	3.6	47.3
N. Mex.	1,402	46.6	53.4	—	1,084	46.9	53.1	—	77	48.1	51.9	—
N. Y.	42,688	45.6	27.8	26.6	16,793	28.4	22.6	49.0	1,155	48.4	22.8	28.8
N. C.	5,245	48.3	28.7	23.0	2,104	50.0	28.0	22.0	488	50.0	24.3	25.7
N. Dak.	2,418	48.1	40.2	11.7	979	47.1	26.6	26.3	41	50.0	46.4	3.6
Ohio	44,688	50.5	49.5	—	5,740	40.0	30.3	29.7	1,147	49.8	16.2	34.0
Okl.	20,858	50.2	49.8	—	⁷ 4,982	50.0	50.0	—	631	50.0	50.0	—
Oreg.	6,639	48.9	32.5	18.6	1,087	32.8	42.0	25.2	170	47.0	33.3	19.7
Pa.	31,167	48.2	51.8	—	23,553	36.2	63.8	—	—	—	—	—
R. I.	2,375	49.0	51.0	—	869	33.3	66.7	—	30	49.3	50.7	—
S. C.	2,897	49.5	50.3	.2	870	49.9	49.9	.2	125	49.5	50.2	.3
S. Dak.	3,665	49.6	50.1	.3	705	49.7	49.8	.5	54	49.8	49.7	.5
Tenn.	6,393	49.7	38.5	11.8	3,429	50.0	34.3	15.7	263	50.0	38.0	12.0
Tex.	44,452	51.1	48.9	—	3,660	50.0	50.0	—	1,224	50.0	50.0	—
Utah	5,128	49.4	35.7	14.9	1,530	36.5	48.7	14.8	58	48.0	37.6	14.4
Vt.	1,223	50.3	49.7	—	280	50.0	26.3	23.7	46	50.0	50.0	—
Va.	2,757	45.7	32.9	21.4	1,390	50.0	28.3	21.7	205	50.0	28.6	21.4
Wash.	26,764	50.0	50.0	—	2,640	33.6	66.4	—	412	50.0	50.0	—
W. Va.	4,957	48.2	51.8	—	4,364	50.0	50.0	—	281	50.0	50.0	—
Wis.	15,872	50.4	28.8	20.8	5,009	33.5	31.7	34.8	562	50.0	29.5	20.5
Wyo.	1,222	49.0	30.4	20.6	279	50.0	31.7	18.3	49	48.6	51.4	—

¹ Except for Illinois in 1941-42 and 1942-43 and Arizona in 1940-41, excludes administrative expenditures for personnel merit system.² Totals are sums of unrounded figures; therefore may differ slightly from sums of rounded figures.³ Based on unrounded figures.⁴ Excludes Hawaii, for which data on administrative expenses not available.⁵ Includes program administered without Federal participation.⁶ Includes data for recipients 60 but under 65 years of age.⁷ Excludes program administered without Federal participation.⁸ Includes administrative expenditures for personnel merit system.⁹ Represents expenditures for assistance for January-June 1943 and for administration for October 1942-June 1943; first Federal funds available under approved plan for October. Excludes expenditures for programs administered without Federal participation.¹⁰ Represents expenditures for assistance for December 1942-June 1943 and for administration for July 1942-June 1943; first Federal funds available under approved plan for April 1942.¹¹ Less than 0.05 percent.

Table 11.—*Special types of public assistance under State plans approved by the Social Security Board: Number of recipients and average payment, by State, June 1943*

State	Old-age assistance		Aid to dependent children			Aid to the blind	
	Number of recipients	Average payment	Families		Number of children	Number of recipients	Average payment
			Number of recipients	Average payment			
June 1941.....	2,170,500	\$21.08	378,401	\$33.08	913,420	49,771	\$23.66
June 1942.....	2,253,522	21.83	389,975	33.94	938,976	54,360	24.36
June 1943.....	2,169,947	24.68	301,428	38.94	740,131	53,714	25.99
Alabama.....	22,152	10.57	4,616	19.07	12,781	647	11.30
Alaska.....	1,476	30.54					
Arizona.....	9,624	37.48	1,686	33.31	4,786	390	35.43
Arkansas.....	26,043	14.59	5,523	22.18	14,179	1,192	16.47
California.....	151,422	37.60	8,333	64.29	20,526	16,678	47.04
Colorado.....	² 41,376	36.15	4,147	33.63	10,760	597	34.49
Connecticut.....	15,632	30.55	1,937	62.76	4,898	³ 149	29.83
Delaware.....	1,893	13.35	284	42.31	743		
District of Columbia.....	3,145	27.81	816	37.11	2,455	278	34.39
Florida.....	41,046	14.62	³ 3,330	26.30	³ 7,705	³ 2,484	15.57
Georgia.....	70,118	9.83	4,336	23.68	10,467	2,191	12.77
Hawaii.....	1,508	17.64	606	48.14	1,933	78	20.78
Idaho.....	9,801	26.95	2,011	35.88	5,406	245	28.01
Illinois.....	147,074	28.58	26,606	32.23	60,532		
Indiana.....	65,008	22.16	10,325	32.78	22,434	2,356	28.47
Iowa.....	53,944	23.56				1,488	30.56
Kansas.....	29,951	25.44	4,767	41.54	11,784	1,212	27.33
Kentucky.....	51,339	14.68	³ 1,213	33.95	³ 3,558	1,104	16.57
Louisiana.....	37,433	19.72	12,083	33.11	30,885	1,450	23.74
Maine.....	15,742	22.50	1,663	47.35	4,692	963	23.63
Maryland.....	14,037	21.52	3,659	34.50	10,292	512	24.61
Massachusetts.....	82,401	35.10	8,616	65.35	21,497	995	26.82
Michigan.....	87,983	27.21	15,124	57.72	35,767	1,312	32.05
Minnesota.....	60,490	25.50	6,788	37.33	16,567	1,004	30.90
Mississippi.....	24,941	9.15	2,499	20.43	6,370	1,301	19.71
Missouri.....	108,708	20.30	12,251	31.64	29,084		
Montana.....	11,865	25.10	1,831	32.65	4,605	318	26.71
Nebraska.....	27,177	22.60	³ 3,711	32.25	³ 8,522	³ 649	23.08
Nevada.....	2,040	33.13					
New Hampshire.....	6,949	24.90	786	51.82	1,948	307	25.25
New Jersey.....	26,759	25.00	5,375	32.05	12,436	627	26.74
New Mexico.....	5,038	29.53	2,275	39.99	6,607	252	28.80
New York.....	112,507	30.24	19,237	62.65	40,942	2,649	31.90
North Carolina.....	37,082	10.55	7,951	18.29	18,789	2,168	15.59
North Dakota.....	9,076	24.24	2,007	37.57	5,572	130	24.50
Ohio.....	134,321	27.39	9,560	45.85	25,272	3,548	23.37
Oklahoma.....	77,279	22.47	³ 15,673	23.07	³ 36,929	2,058	24.40
Oregon.....	19,576	28.15	1,340	59.93	3,218	398	35.15
Pennsylvania.....	90,163	27.85	29,792	53.33	76,559		
Rhode Island.....	7,267	26.79	1,140	60.84	3,106	97	26.35
South Carolina.....	20,998	10.70	3,629	19.74	10,640	812	11.89
South Dakota.....	14,004	21.27	1,740	30.91	4,058	244	17.60
Tennessee.....	39,050	14.24	12,832	20.65	32,510	1,593	12.96
Texas.....	182,154	20.31	11,846	21.30	26,382	4,423	23.98
Utah.....	13,780	35.01	2,063	51.77	5,455	122	32.88
Vermont.....	5,432	18.72	645	33.18	1,669	150	22.92
Virginia.....	17,854	10.97	4,185	22.01	11,788	1,011	14.05
Washington.....	61,924	34.93	3,328	66.88	8,045	808	36.68
West Virginia.....	19,459	16.20	8,730	29.78	24,394	874	21.07
Wisconsin.....	50,495	25.45	8,034	44.50	19,304	1,728	25.07
Wyoming.....	3,411	31.17	489	33.57	1,280	122	34.76

¹ Includes program administered without Federal participation.

² Includes data for recipients 60 but under 65 years of age.

³ Excludes program administered without Federal participation.

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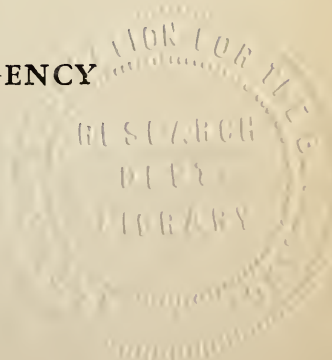
FISCAL YEAR 1943-44

Social Security
Board

1944

[This report also constitutes
Section 5 of the Annual Report
of the Federal Security Agency]

FEDERAL SECURITY AGENCY



HD 7123
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LETTER OF TRANSMITTAL

FEDERAL SECURITY AGENCY,
SOCIAL SECURITY BOARD,
Washington 25, D. C., October 31, 1944.

The Honorable PAUL V. McNUTT,
Federal Security Administrator.

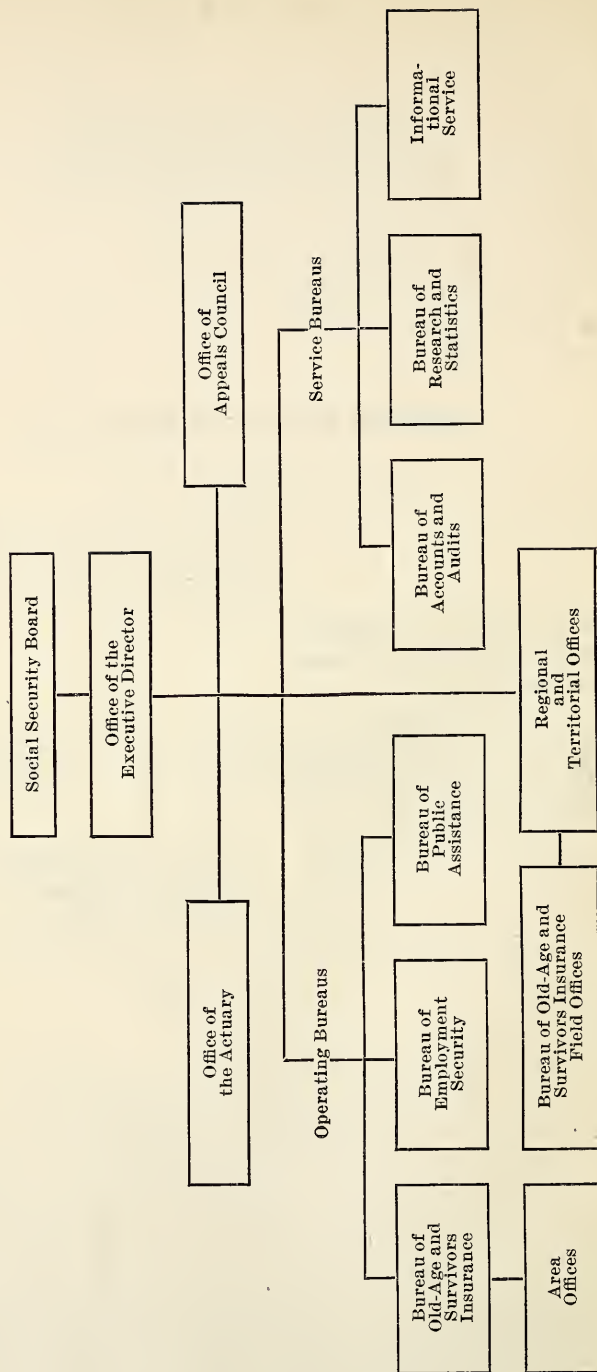
DEAR MR. McNUTT:

The Social Security Board has the honor to transmit its Annual Report for the fiscal year ended June 30, 1944, for submission to the Congress as required by section 704 of the Social Security Act.

Respectfully submitted.

ARTHUR J. ALTMAYER, *Chairman.*
GEORGE E. BIGGE.
ELLEN S. WOODWARD.

Bureaus and Offices of the Social Security Board, as of June 30, 1944



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Social Security During and After the War

THROUGHOUT THE FISCAL YEAR 1943-44, American families, on the whole, had a higher level of economic well-being than ever before. Steady jobs were open to millions of persons who ordinarily would have had little chance to get or keep paid work. In the cities and on the farms, earnings were at record levels. Millions of households which had no breadwinners in the labor market had an assured minimum income through the allowances to dependents of servicemen or through benefits or assistance under the Social Security Act and other Federal and State legislation.

Experience in this year therefore gives a bench mark for measuring risks to economic security when, relatively, such risks were at a minimum. In even this year of unprecedented family income, an average of more than 3.5 million needy persons—for the most part old people, children, and the disabled—were receiving public aid. The estimates of the Bureau of the Census showed that, on the average, nearly a million were unemployed. Under Federal old-age and survivors insurance and other programs for retirement and for survivors, names continued to be added to the beneficiary rolls, though the increase was less than would have been expected in a year when work opportunities were less plentiful. In good times as in bad, people grow old and cannot keep on working, and the livelihood of millions of families is cut short by the disability or death of the breadwinner.

By June 1944 it was evident that this fiscal year might be the last throughout which the war economy was operating in high gear. The attention of people in all the United Nations—servicemen and civilians—was turning toward problems of social security during the change-over to peace and the long future. Letters and other comments which came to the attention of the Social Security Board were asking, Can American families maintain in time of peace the economic independence that so many have gained during the war? When the war ends, will there be surplus workers as well as surplus commodities? Can the United States avoid the economic collapse and the disruption of family security which, sooner or later, have followed every major war in its history?

The organized measures for social security for which responsibility is given to the Social Security Board bear on only a part, but an important part, of the problems raised by such questions.

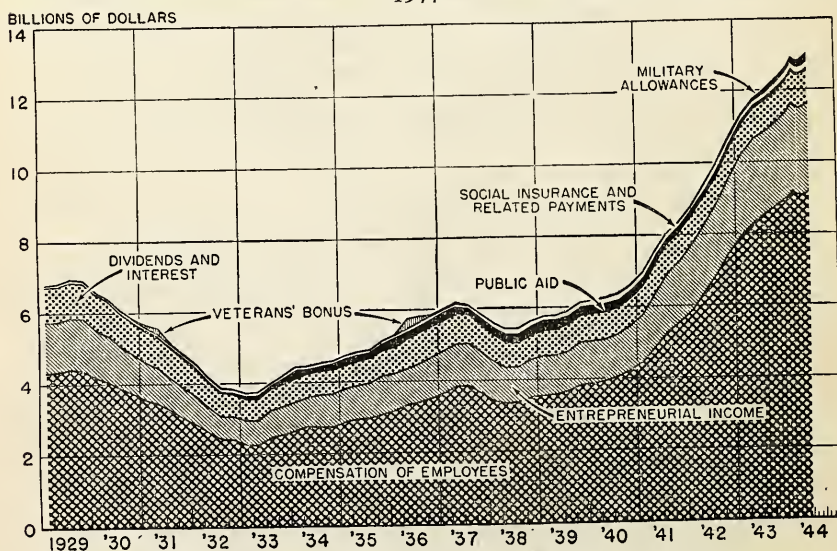
While industry is being regeared to peacetime production and men are coming back from all corners of the world to take their places in civilian life, millions of persons will have to change jobs. Many will have to shift to other kinds of work, often to other places. The number of persons affected will differ from time to time and place to place according to changes in wartime demands, the extent and character of wartime production in a locality, and the differing rates of speed with which various industries get materials and reconvert plant and equipment for civilian production. Even the most optimistic view of so vast a readjustment, however, recognizes that in the country as a whole there will be considerable short-term unemployment.

This is precisely the kind of situation with which unemployment insurance is designed to deal. Unemployment insurance can cope with relatively brief unemployment of persons who are able to work. Replacing a part of their wage loss while they are out of a job, it helps them to get along while the plant is re-tooling or while they are looking for new jobs in their town or elsewhere.

Civilian workers in the United States in April 1944 included some 6.7 million persons, it is estimated, who ordinarily would not have been in jobs—boys and girls who would ordinarily have been in school or college, servicemen's wives, older married women, and people who in usual times would be considered marginal workers or would have retired. Doubtless many people will leave the labor market voluntarily when family breadwinners return from the armed forces and the motivating influences of wartime diminish. Others will be forced out. As the men come back from the camps and battle fronts, many persons now in jobs will find themselves on the fringe of employability—considered too young or too old or otherwise handicapped in competing for work. In this situation also our social security program will be important.

Old-age insurance will provide a minimum income for hundreds of thousands of old people when the wage earner must or wishes to stop work; this income is theirs as a right based on their contributions and earnings under the insurance system. Survivor insurance, based on similar rights, will enable many widows with children to devote their energies to the care of their children and homes, and children to continue their schooling, rather than to keep or seek paid work. Survivor benefits also will provide monthly income for aged widows of insured workers and, in certain circumstances, aged parents who have been dependent on the wage earner. The three

Chart 1.—*Income payments in the continental United States, January 1929–June 1944*¹



¹ Monthly average for each quarter, 1929–43; monthly data thereafter.

Source: U. S. Department of Commerce, Bureau of Foreign and Domestic Commerce.

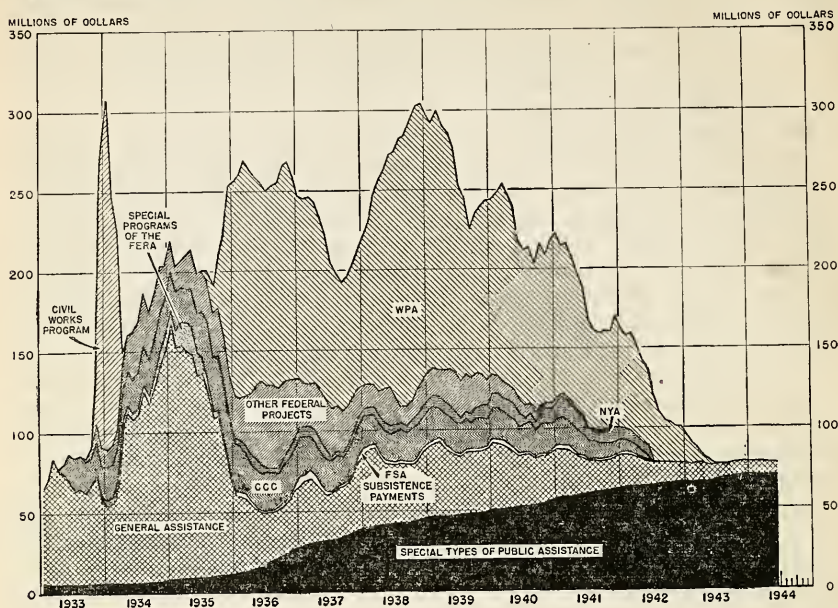
assistance programs under the Social Security Act—old-age assistance, aid to dependent children, and aid to the blind—will afford rights to public aid, on the basis of need, to groups of people who are little able or unable to earn their living. Many in these groups will be affected by reductions or interruption of the earnings of others on whom they rely for help, as well as loss of anything they themselves have been able to earn.

The United States is unique among the major industrial countries of the world in that it has no systematic general provision for offsetting loss of earnings when a worker is sick or disabled or for assuring that adequate medical care is available to persons who require it, regardless of their ability to pay for such care at the time they need it. Throughout the war years, as in all times except periods of widespread unemployment, the losses and costs attributable to sickness and disability have been the greatest single cause of poverty and dependency in the United States. If employers again make more restrictive and rigorous requirements in hiring workers, and if women and children find it harder than at present to get paid jobs, the volume of dependency attributable to disability and premature death will tend, of course, to be much greater than it has been in recent years.

The course of social insurance and public assistance during the war years emphasizes the fact that most of the major economic risks of families and individuals persist even when employment and earnings are at high levels. Of the chief causes of poverty and dependency in the United States—sickness and disability, old age, death of the family breadwinner, and unemployment—only unemployment has been greatly affected by the wartime expansion of the national economy. The spectacular decline in total expenditures for public aid has been due to liquidation or curtailment of programs which, during the 1930's, served primarily to meet the need of persons who could not find work (chart 2). Unemployment insurance alone has accounted for the decline in aggregate payments under the social insurance and related programs shown in chart 3. Old age, sickness and invalidity, and death of the breadwinner have continued to cause insecurity in millions of households which—temporarily or permanently—have had no member who could take advantage of the wartime opportunities to earn. When jobs are less plentiful and employers' hiring requirements more stringent, social insurance and public assistance are, of course, all the more necessary to offset part of the loss or lack of earnings and assure the means of subsistence.

The income which flows out in social insurance benefits and assistance has a value disproportionate to its size in maintaining the Nation's purchasing power. These payments go only to persons whose usual income has been cut down or stopped or is too little for subsistence. Their insurance benefits or assistance payments give them purchasing power which, by and large, they otherwise would lack. Soon spent for essentials, these payments pass quickly into the stream of commerce through the hands of the neighborhood grocer, the landlord, and others who provide basic necessities. Moreover, the assurance of protection which a strong and comprehensive program of social security creates for the population as a whole—whether or not they, as individuals, have occasion to claim

Chart 2.—*Payments to recipients of public assistance and earnings of persons employed under Federal work programs in the continental United States, January 1933–June 1944*



their rights—is essential to social stability and economic progress. In an industrial society, adequate provision for social security is at all times a necessary adjunct to a dynamic system of free enterprise, since it facilitates the changes and readjustments inherent in the development of business and industry.

Unemployment Insurance

In June 1944, as in June 1935 when the Social Security Act was being formulated by Congress, attention in the field of social security was centered on unemployment. The situation in 1944, however, was the opposite of that 9 years earlier. Only about a million persons were out of work—as compared with varying estimates of 9–12 million in June 1935—and these chiefly for only short intervals between jobs. In 1935, no State was paying unemployment benefits. In 1944, all States, Alaska, the District of Columbia, and Hawaii had been operating unemployment insurance systems for 5 years or more and had built up reserve funds totaling more than \$5 billion for future benefits; the special Federal system for railroad workers also had been in operation for 5 years. The question in 1944 was not whether to make Nation-wide provision for unemployment insurance but whether the Federal-State system actually established under the Social Security Act could meet the Nation's needs during the transition to peace and the years ahead.

Obviously, demobilization of the armed forces and war workers presents certain problems outside the scope of the Federal-State system. On June 22, the President signed the "G. I. Bill of Rights" (Public

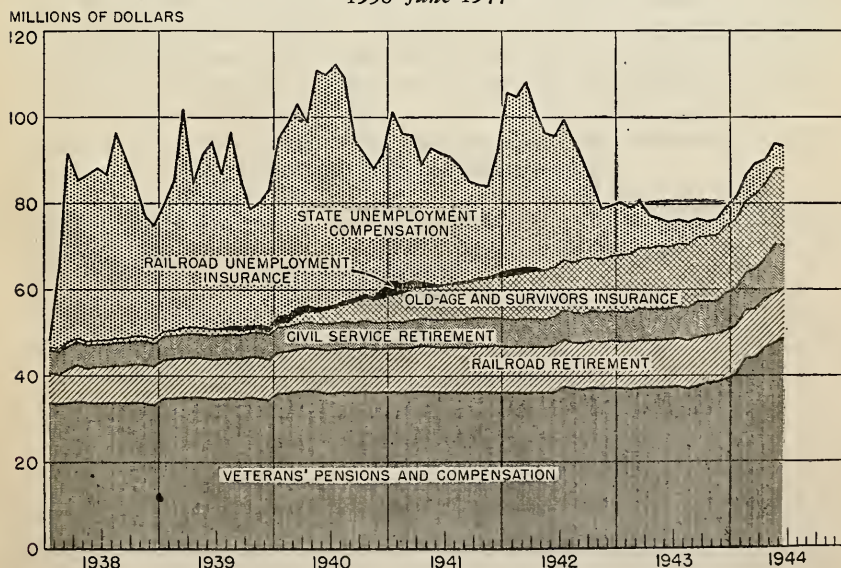
Law No. 346, 78th Cong.) which, among other provisions, established "readjustment allowances" for unemployed veterans of World War II, to be federally financed, administered by existing Federal and State agencies under mutual agreements, and payable at a uniform rate of \$20 a week for as much as 52 weeks. These allowances not only protect ex-servicemen and servicewomen who may fail to find jobs promptly but also greatly lighten potential liabilities of the State systems, under which preexisting rights of servicemen have been "frozen" and, in a few States, rights created for all servicemen from the State.

The immediate post-war problem, therefore, was emerging as potential unemployment among workers in covered industrial and commercial jobs and other millions in jobs not covered by any form of unemployment insurance. Chief among these latter are some 3.5 million persons employed by small firms, about 200,000 maritime workers, some 3 million hired workers on farms, 2.5 million employees of State and local governments, nearly a million workers in nonprofit institutions and agencies, and more than 3 million Federal civilian employees. Cut-back or stoppage of war activities and return of servicemen clearly foreshadow large lay-offs of Federal workers in arsenals, navy yards, ammunition plants, and the like, and in the civil service.

The Role of Unemployment Insurance

No better mechanism than unemployment insurance exists for enabling the workers affected to weather the readjustment, and thus for helping to speed reconversion for the Nation. In that process it is essential to keep in touch with workers who lose their wartime jobs, to know where other work is developing, to direct the right workers to those jobs, and to keep up family purchasing power and individual and public morale by paying benefits during gaps between jobs. This is

Chart 3.—*Payments under selected social insurance and related programs, January 1938–June 1944*



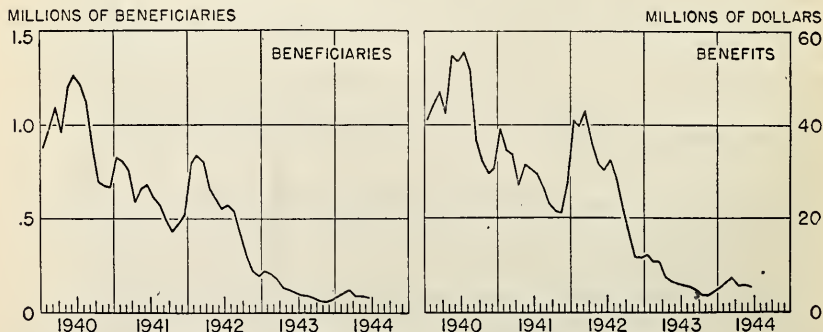
the function for which unemployment insurance is designed. If it is to fulfill that function effectively, the system must be broadly available to persons who depend on employment for their living and must provide benefits which, in amount and duration, replace a reasonable part of the wages which workers lose because of involuntary unemployment.

Unemployment insurance recognizes that in a highly organized industrial society many workers have some unemployment during even the best years. In considerable part, such unemployment results from industrial change and technological development—from mobility of both industry and labor. It is a price of progress and efficiency, and its cost is an inevitable charge on society, whether it is shared through unemployment insurance or is met in less constructive ways. Even “full” employment could not obviate unemployment in any but a regimented economy; anything less than “full” employment makes unemployment insurance the more necessary.

In the years 1922–29, often cited as an example of prosperity in the United States, there was average unemployment of about 8 percent among our industrial workers. For “full employment” under Sir William Beveridge’s proposed plan for Great Britain, average unemployment of 8.5 percent is assumed. Even under the abnormal pressure of all-out war, about a million persons were unemployed in June 1944. Jobs throughout the Nation were calling for workers, wage rates and patriotic incentives ran high, usual hiring standards had been greatly relaxed, and intensive efforts were being made to direct workers to places where they were needed. Among the million without jobs there were persons without skills, but also skilled workers laid off temporarily by changes in production, lack of materials, seasonal shifts, and the like. It is hard to imagine any peacetime situation in which all these factors will not operate to displace much larger numbers of persons who need and want work than were unemployed when the war was in full swing.

Under the State unemployment compensation laws, as in all major systems of unemployment insurance, the purpose is to replace only part of the wages lost by an unemployed worker. He gets no benefit for his first week or two of unemployment, which is the “waiting period.” His weekly benefit amount ordinarily is intended to be about

Chart 4.—*Beneficiaries and benefit payments under State unemployment compensation laws, January 1940–June 1944*¹



¹ Weekly average number of beneficiaries for each month and gross benefit payments during month.

half his previous earnings within a fixed maximum, which under existing laws is commonly \$15 to \$18 a week. As a result of this limitation, many higher-paid workers get much less than half their usual earnings. The number of weeks of unemployment for which benefits can be paid is also limited, either to a uniform number for all insured workers or to some number fixed in relation to the individual's past earnings. He receives benefits only if he is unemployed, is able to work and available for work, and does not refuse any suitable work offered him. Provisions such as these are designed to limit the payment of unemployment benefits to persons who depend on earnings and are genuinely unemployed.

Since wage earners and their families usually cannot make large and sudden reductions in their basic expenses when unemployment comes, and it often is socially undesirable that they should do so, insured workers, at best, must draw on their savings or other resources or on their credit when they are out of work. Workers themselves will carry half or more of their wage loss during the periods of unemployment which the present system is designed to cover. If unemployment benefits replace as much as half the loss during the spells of unemployment common among regular members of the labor force, the workers concerned have some basic protection and ample incentive to seek new jobs and to save when they are earning. At the same time these benefits, by helping to stabilize purchasing power and sustain the morale and efficiency of the working population, protect business and the economy as a whole. Prolonged and widespread depression requires other measures.

Compensated Unemployment

During the war, many wage-earning families have been able to pay up debts and accumulate savings. On these savings rests a major hope for keeping up employment and business through the reconversion. In any event, billions of dollars of savings will be used for rent, food, moving expenses, and other necessities during weeks or months when many workers are between jobs. If the wage-earning population as a whole had assurance that they could draw benefits to help tide over unforeseeable losses from unemployment and sickness, a great many families would be both able and willing to buy or build a new house or repair and improve the old one, to replace the worn-out automobile, and realize other hopes for the future.

To the extent that this assurance is lacking and workers have reason to fear that their savings will be drained away during the reconversion period, public confidence and optimism will be lessened and the contribution of the social security program toward steadying employment and business will be weakened. This result would be the more shocking in that, under present provisions of the State systems, a large part of the billions accumulated in the State reserves to pay unemployment benefits will go unused even if post-war unemployment is widespread and prolonged.

The failure of the present system of unemployment insurance—as a whole—to cover a reasonable proportion of the wage loss from unemployment is due to a series of shortcomings. Too many jobs are excluded from the program. Benefits are too short in duration and too small in amount. In many States, payments are further restricted by severe disqualification provisions. State provisions for experience

rating tend to put a damper on proposals to improve the system in the light of operating experience and have led to interstate competition to reduce employer contribution rates at the expense of the adequacy of the State systems. The segregation of benefit reserves within individual States, without provisions for pooling or reinsuring on a national basis, limits the potential use of the reserves.

All these shortcomings can be eliminated, some by State action alone, some only through changes in Federal law. The Board believes that action is urgently needed now to make the changes which will enable the unemployment compensation program to fulfill the purpose for which it was established.

Benefit Duration

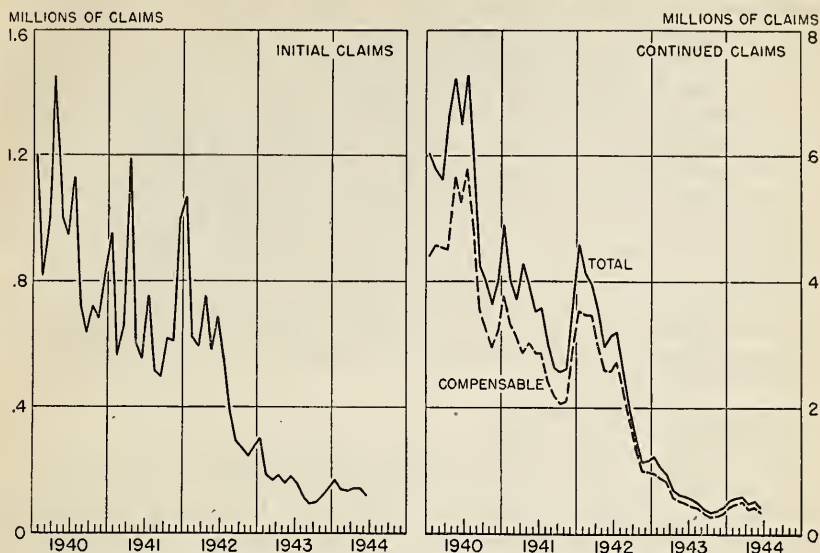
The failure of benefits to compensate a larger part of the wage loss of unemployed insured workers is due, in the main, to the restricted duration of benefits. Twenty-seven States limit benefits to 16 weeks or less; only two permit payments for more than 20 weeks. If a worker's unemployment benefits do not continue until he gets another job, his insurance may run out when he needs it most. Even in 1941, a rather good year, half of all workers who drew benefits exhausted their rights before they got new jobs; in four States, from 60 to 70 percent of all beneficiaries exhausted their rights.

Moreover, almost three-fourths of the States vary the duration of a worker's benefits according to the amount of his past covered employment and earnings. While the maximum in the State law may be 16 weeks, a claimant in 3 States may actually be entitled to as little as 2½ or 3 weeks of benefits. In 15 States with uniform duration, on the other hand, all workers who are eligible for benefits are entitled to the same duration under the State law if they continue to be unemployed. The irregularly employed eligible worker thus has as long protection as the worker who has been regularly employed.

Adequate duration of benefits will be of particular importance after the war in helping both to promote desirable types of labor mobility and to prevent wasteful migration in search of jobs. If a worker must move and perhaps also change to a new type of work, he may be unemployed for a considerable time before he finds work for which he is suited; it is not to his interest or society's that he should be forced by lack of funds to take casual or dead-end jobs which offer no future security to his family. When a plant or a town will again need workers who are laid off while equipment is being reconverted and materials obtained, the availability of benefits for substantial periods helps to prevent scattering and loss of skilled labor. Present duration provisions give neither workers nor employers a chance to carry through reconversion without undue difficulties.

When the Social Security Act became law there was practically no information on the duration of unemployment among American workers. The limitations in the original State laws resulted largely from estimates of the benefits that could be financed by a 2.7-percent contribution rate. In the absence of adequate facts on unemployment, these estimates were very conservative, and accordingly duration provisions of the State laws were very limited. Actual operation of the State systems has shown that, over an average period, such a contribution rate can finance benefits considerably longer in duration and also larger in amount than those now provided. As State reserves

Chart 5.—*Initial, continued, and compensable claims under State unemployment compensation laws, January 1940–June 1944*¹



¹ Claims received in local offices.

have piled up, the trend has been to reduce employer contributions under the State law, rather than to make benefits more nearly adequate to meet needs shown by operation of the systems. Even in good years, the maximum-duration and the variable-duration provisions now prevailing in State laws give too brief protection to serve the basic purpose of the program.

The Board is strongly of the opinion that unemployment benefits should be payable for at least 26 weeks in a year to any insured worker who qualifies for benefits under the law.

Benefit Amounts

The benefit of a totally unemployed worker may range, according to the law of the State and his wage credits, from as little as \$2 a week to \$22. No separate provision is made for a worker's dependents except in the District of Columbia, and that is inconsequential in amount. A little more than half the States place the maximum at \$15 or \$16 a week. Minimum payments range from \$2 to \$10, and two States do not set any fixed minimums.

As a result of the top limits, there were 15 States in which half or more of all benefit payments in 1943 were at the maximum set by the State; in 4 States where the maximum benefit was \$15 a week, from 72 to 85 percent of all payments were at the maximum. For a large proportion of all workers who were drawing benefits, the weekly benefit amount was therefore less than half the worker's average wage.

An advantage often urged for the present Federal-State unemployment compensation system is that the Social Security Act leaves States free to experiment and to design systems in accordance with wage rates, living costs, and other factors which may vary in different parts of the country. There has been ample time in which to experiment,

and, with the wartime increase in contributions, all States have relatively large reserves. In many respects, however, differences in actual operations under State systems do not reflect differences in the economy of the States. For example, there seems no reason to suppose that, on the average, unemployed workers in one State can get along with one-third of past earnings or less, while elsewhere they need half. Among the 22 States which had the same maximum benefit of \$15, average weekly earnings of covered workers in the first quarter of 1944 ranged from \$25.01 in South Carolina to \$46.72 in Oregon.

The Social Security Board believes that the maximum benefit for full-time unemployment should not be less than \$25 a week, including dependents' allowances, if any. Benefits should be related not only to previous wages but to the claimant's dependents. Payment of dependents' allowances would provide larger amounts for workers with heavier obligations at much less increase in total costs than would be necessary if benefit scales for all workers were raised to a point which recognized family needs.

Disqualification From Benefits

Under all but a few of the original State unemployment compensation laws, the major disqualifications from benefits took the form of postponing payment of benefits to workers who had quit a job without good cause, or had been discharged for misconduct, or, while claiming benefits, refused suitable work. In these circumstances the worker's loss or lack of a job may logically be held due to his own choice or fault; the postponement of benefits is a recognition that the role of the program is to compensate only involuntary unemployment. If, however, the worker continues to be unemployed though able to work and available for work, it may be assumed that his unemployment becomes involuntary—the result of the state of the labor market—and no longer a consequence of his original disqualifying act. For unemployment after the initial period, therefore, nearly all States paid the benefits for which an individual was qualified by his previous employment and earnings.

During the past 5 years there has been a clear trend toward more severe disqualification provisions. Various States have adopted provisions which cancel all or part of the worker's benefit rights in such cases, so that potential payments are greatly reduced, or even wiped out, for workers who have quit without good cause or have been discharged for misconduct or have declined work considered suitable by the agency. As a result, the disqualified worker may be unable to draw benefits even in a subsequent spell of clearly involuntary unemployment during his benefit year.

By January 1944, more than half the States had provisions either reducing or canceling benefit rights of claimants who had been disqualified for these reasons, instead of merely postponing payments for a reasonable period following the disqualifying act. The seriousness of the disqualification provisions may be shown by some figures on the extent of such disqualifications. In nine States for which data are available for 1943, from 7 to 37 percent of all eligible claimants were disqualified for voluntary quit, discharge for misconduct, or refusal of suitable work.

In addition, an increasing number of States are defining "good cause" for voluntary leaving to include only cause attributable to the

job or to the employer. In such States, for example, a man who left a job on promise of war work which did not materialize or in prospect of Army service for which he was rejected or to have a surgical operation, or a woman who stopped work temporarily to care for a sick child, may not be able to draw any benefits if, when he or she is able and ready to work, a job is not immediately to be found. Under such provisions, it is not enough that the worker is unemployed through no fault or wish of his own; it must be shown that the employer was at fault. In 1938, only 4 States restricted "good cause" for voluntary leaving to causes attributable to the employer, or to the employment. By January 1944, 18 States made this restriction by law and 1 by regulation.

This position and the drastic penalty of canceling benefit rights of workers disqualified for these reasons are without precedent in any other major system of unemployment insurance with which the Board is familiar. They negate the purpose of the system, which is to pay benefits to persons who have evidenced their attachment to covered employment and are involuntarily unemployed. "Good cause" for voluntary leaving should include compelling personal and family reasons. The Board believes further that disqualification should involve only the prolongation of the waiting period—that is, postponement of benefit payments—in most instances, for not more than 4 or 5 weeks.

Doubtless some of the undue severity in imposing disqualifications in particular cases has reflected the wartime need for workers. The trend toward severity, however, began before the war, and many of the provisions which cut or cancel benefit rights (notably provisions on voluntary leaving) are imbedded in statutes which will have equal force and even more devastating effects when the war is over. Development in the field of disqualifications appears to be part of a broader underlying trend in the Federal-State program which threatens to distort, and in serious measure to defeat, the purpose and function of unemployment insurance—to pay benefits to qualified workers when they are unemployed, able to work, and available for work.

Contributions

The Social Security Act gave an incentive for State action in unemployment insurance and made it feasible for States to act by authorizing Federal grants to pay the entire cost of proper and efficient administration of State unemployment compensation laws and by establishing the offset device for the Federal unemployment tax. The uniform tax of 3 percent of pay roll was imposed on substantially all employers of eight or more workers in industry and commerce; against it, these employers could offset, up to as much as 90 percent of their tax liability, contributions which they had paid under State unemployment compensation laws approved by the Social Security Board. This basic provision was intended to equalize the tax on employers in States which did and those which did not have unemployment insurance, and thus to prevent unfair handicaps among competing employers in different States.

The Federal act, however, permitted employers to credit against their Federal tax not only the contributions they had paid under the State law but also those from which they had been excused under

State provisions for varying employer contributions according to the employer's experience with unemployment. These provisions could not be put into effect until sufficient time had elapsed to measure that "experience." Employer contribution rates were first modified in 1938 in Wisconsin. Each following year the number of States with such modifications has increased; in 1944, modified rates are in effect in 42 States. In the calendar year 1943, it is estimated, the State-wide average contribution rate of employers under the ordinary contribution provisions of State laws ranged from 0.9 percent to 2.6 percent in States with experience rating, and was 2.7 percent in only the 11 States which had not adopted such provisions or had not yet put them into effect. Among individual employers, contributions under the State laws ranged from zero to the normal 2.7 percent of pay roll (3.0 percent in Michigan) and, in the 17 States which impose "penalty" rates for firms with a poor record of experience, to as much as 4 percent for a few. In general, experience-rating States have tended to make 2.7 percent the top rate, rather than to offset rate reductions for some employers by rate increases for those who are poor risks.

Rates vary widely for employers in the same business and with similar unemployment experience. The State in which a firm is located may be a more important factor in determining its contribution rate for unemployment insurance than the character of the industry in which it is engaged or its record in relation to general experience in that industry. Obviously, no State and no employer wants to be handicapped by higher contribution rates than are paid by competitors elsewhere. The situation therefore has led inevitably to interstate competition to reduce contribution rates.

Employers have had an incentive to resist improvement of benefit standards in their State on the ground that such changes might keep them from getting, or make it impossible for them to continue to enjoy, contribution rates as advantageous as those elsewhere. Moreover, in the experience-rating States employers have had a direct incentive to contest the benefit payments to their former workers, since these payments affected their "experience" and hence their contribution rate.

In the fiscal year 1943-44, experience rating resulted in a reduction of some \$484 million in contributions which would have been collected under normal unmodified rates; by the end of that year, nearly a billion dollars had been lost in contributions which otherwise would have added to the reserves in years of increasing employment and pay rolls to meet the inevitably greater costs of benefits during and after demobilization. Recognizing this fact, 10 States, all of which had experience rating in effect in the year, enacted special "war-risk" provisions in 1943 to require extra contributions from all firms which had greatly expanded during the war and, in 1 State, from all employers. In the 10 States in which these war-risk provisions were in operation in 1943-44, the additional collections, it is estimated, offset about 30 percent of the total reduction granted to employers in those States.

Wartime has emphasized what was hardly less clear in peace, that the causes of most unemployment are beyond the control of individual employers or industries. Whatever the merits of experience rating, the present competition in rate reduction threatens to undermine the effectiveness of unemployment insurance in the United States. The

loss of revenue which has resulted from rate reductions has come at a time when employers could most readily pay the normal contribution rate. More important, experience rating has had the unforeseen effect of holding back development of the program and even cutting down standards.

Reserves for Unemployment Insurance

The relative amounts of State reserves for future benefit payments differ markedly. At the end of the fiscal year, funds available for benefits represented \$181 per worker with wage credits in New Jersey, at one extreme, and at the other, \$50 per worker with wage credits in Mississippi.

The diversity of effective contribution rates and differences in benefit provisions are among the factors which cause differences in State reserves. Even if contribution rates, benefit standards, and the period of operation had been the same for all States, however, differences would have been considerable. States differ greatly in size of population, in the extent, diversity, and character of covered industry, and in other factors which affect a State's ability to insure against unemployment. A State dominated by one or two industries, for example, is likely to be far more vulnerable to sudden downswings in employment than one where industry is highly diversified. In the latter, it is not probable that all types of business activity will be affected simultaneously, and workers laid off from a depressed industry have a better chance of getting jobs elsewhere. Just as the single employer or industry is not an effective unit for bearing costs of unemployment, so the highly different geographic units represented by the States are subject to varying risks of unemployment from economic and natural factors which they themselves cannot control.

These basic limitations on the validity of the State as an economic unit for purposes of unemployment insurance have been increased and dramatized during the war. The extent of the expansion in covered pay rolls, for example, has differed greatly; from 1938 to 1942 the rise in covered pay rolls in Nevada was nearly 300 percent, and at the other extreme, in North Dakota, less than 35 percent. The impact of reconversion likewise will vary enormously according to both the extent and the character of production in a State during the war years. The timing and direction of reconversion obviously must be determined by national needs, rather than by situations within particular States. In some places dislocations, while sweeping, may be relatively brief; elsewhere, the changes will leave ghost towns or cities.

The \$5.4 billion to the account of the 51 State agencies in the unemployment trust fund at the end of the fiscal year is, in total, a vast reserve to meet the heavy obligations incurred by the State systems during the war years. The total is segregated into 51 State accounts, each of which can be drawn on only for payments under the respective State law. These separate accounts would probably be sufficient to withstand benefit drains during reconversion, even if benefits were payable in each State for 26 weeks to all eligible unemployed workers at weekly rates up to a \$25 maximum. Moreover, if any State is hard-pressed to meet its obligations it can borrow Federal funds without interest, under the provisions of a recently enacted law (Public Law No. 458, 78th Cong., approved Oct. 3, 1944). This law, however, applies only to the reconversion period. Over the whole swing of the

business cycle, some provision is necessary for pooling the greatly different unemployment risks of the States. With such pooling, a given contribution rate would finance stronger benefit provisions everywhere than are possible when risks and reserves are divided. With their present reserves, all States can improve their systems. Apart from the interstate competition in rate reductions, the major factor which impedes such improvement is the fear, in the face of varying and uncontrollable demands, of too great a drain on the State's reserve.

If severe drains should develop, part of the impact will fall directly on insured workers. The laws of several States provide that benefits shall be reduced in amount or duration if the reserve drops below a specified figure. A State system thus would fail to function fully just when it was needed most. In addition, under experience-rating provisions, employer contribution rates would tend to rise at the time when business was least able to bear added tax burdens and would thus tend to limit its ability to employ and pay workers.

Authorization of Federal loans to State systems which find their reserves running low is not, in itself, an effective device for giving the assurance needed to make the Federal-State system work. Appropriate provision for Federal reinsurance of the State systems, coupled with minimum benefit standards, would go far, the Board believes, toward effecting the purpose of this program under the Social Security Act.

Coverage

Jobs of millions of wage earners still lack the protection of unemployment insurance under the Federal-State system or the only other public program dealing with this risk, the Federal system for railroad workers. Coverage of certain of these groups, the Board believes, is immediately feasible and urgently necessary.

Only eight State unemployment compensation systems are as comprehensive as the Federal old-age and survivors insurance system in including all employers in covered industries regardless of the number of employees. An additional five States approach the coverage of the Federal system but are less comprehensive. To extend unemployment insurance in all States to employers of one or more would bring some 2.5 million additional jobs under the program. This extension would be greatly facilitated by amendment of the Federal Unemployment Tax Act to include employers of one or more, rather than eight or more, workers. Such action should be taken promptly in view of the need for subsequent State legislation and administrative action to set up wage and contribution records for workers in small firms.

Prompt Federal action also is urgently needed to provide unemployment insurance for maritime workers, a group which has seen hazardous service throughout the war and will suffer severe shrinkage of employment when the war ends. Because of the interstate character of maritime employment and other conditions peculiar to that industry, a special Federal system, as for railroad workers, is probably the best means of covering these workers in the present circumstances.

The Board also believes that Federal action is desirable to provide unemployment insurance for Federal employees, especially now when the Government employs hundreds of thousands whose jobs will be terminated as soon as war activities decline or end. Many of these

Federal employees have little of the security of tenure ordinarily attached to civil-service positions. In addition, large numbers have been drawn from private industry into Government arsenals and navy yards; when war production slows down or ceases, they will be in exactly the same position as employees in privately owned munitions plants and shipyards, but they will have no recourse to unemployment insurance. The Board believes that unemployed Government workers should not be denied the unemployment insurance protection which they would have had if they had worked for private employers instead of the Federal Government. Payment of unemployment benefits to Federal employees will help in the readjustment of our economy to peacetime employment. It will ensure that when such workers become unemployed they will register at the local employment office and will be referred to available job openings, thus enhancing the individual's opportunity for employment and the security of his family and the community.

Pay scales, leave regulations, and other conditions of employment are uniform for similar classes of Federal workers throughout the country. The Board believes that unemployment benefits for Federal workers likewise should be computed on a uniform basis throughout the country, whether such benefits are administered federally or through the State unemployment compensation systems.

Strengthening Unemployment Insurance

The recommendations on unemployment insurance in the preceding paragraphs are offered as a statement of the general direction and character of the action which the Social Security Board believes necessary, as a minimum, if the States and the Federal Government, working together, are to realize the purposes of the unemployment compensation program outlined in the Social Security Act. An additional fiscal year of administration and study of the social security program, moreover, has deepened the conviction expressed by the Board in its *Eighth Annual Report* that unemployment is essentially a national problem and can be dealt with most effectively and economically through a national system, with decentralized operation. For reasons summarized later in this report, the Board believes that one basic comprehensive system of social insurance, including specific measures to counter all major risks, is the most effective method of strengthening the social security program in the United States.

At present, however, as in the weeks following the attack at Pearl Harbor, the need is for swift mobilization and use of all our existing resources, together with the longer-range planning for future action. Many of the proposals made here can be effected by States acting individually. Others require Federal action or joint action. All demand the swift and unstinted collaboration of the States and the Federal Government if the purpose of the program is to be served in the period not far ahead when the need for unemployment insurance may be great.

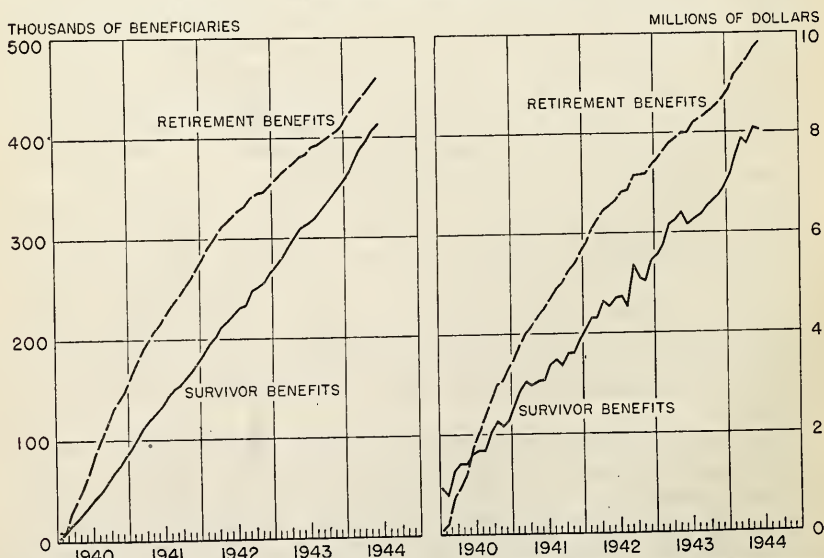
Although the States are primarily responsible for protecting wage earners against wage loss due to unemployment, there is no less a national interest in the existence, Nation-wide, of a program reasonably adequate to tide workers over periods of temporary unemployment. Otherwise the Federal Government as well as the States may be called upon to take measures less appropriate than unemployment

compensation to deal with the consequences of temporary unemployment. It appears that if the over-all national interest is to be served, and workers are to be assured adequate protection against wage loss resulting from unemployment, through State laws, it will be necessary to extend the Federal Unemployment Tax Act to additional categories of employment and to incorporate in that act additional conditions to be met by State laws if employers contributing under those laws are to receive credit against the Federal tax. Such additional conditions should ensure that eligible and qualified claimants in all States will be entitled to at least 26 weeks' benefits in a benefit year; that maximum weekly benefit amounts, including dependents' allowances if any, will be at least \$25; and that conditions which justify a temporary disqualification from benefits will not be used to cancel benefit rights. It is recognized that provision for these three requirements, without specifying in detail other elements of the benefit formula, does not preclude other provisions which might be used to restrict payment of benefits. The three suggested requirements are those which need primary attention if unemployment insurance is to make its maximum contribution in the reconversion period. They are suggested also on the assumption that the States will not make adverse changes in other parts of the program in meeting these requirements.

Old-Age and Survivors Insurance

At the end of the fiscal year 1943-44, about two-thirds of the total population above grade-school age, and four-fifths of the boys and men, held social security accounts under the Federal old-age and survivors insurance system. About 68 million persons had earned wage credits under the system at some time since its beginning in 1937. Dur-

Chart 6.—*Retirement and survivor beneficiaries and benefits certified under old-age and survivors insurance, January 1940–June 1944¹*



¹ Beneficiaries for whom monthly benefits were certified and amounts certified during each month.

ing the 4½ years in which monthly benefits had been paid, the benefit rolls had grown to include nearly a million persons—aged workers and their wives and minor children, widows and children of deceased workers, and aged parents who had been dependent on an insured worker who died without leaving a widow or child. Wartime opportunities to earn caused the temporary suspension or deferment of the benefits of 127,000 persons on the rolls. Some 650,000 additional aged workers and the wives of many of them, and doubtless also many widows and children of deceased workers, had not claimed benefits for which they were eligible, presumably because they could get or continue covered employment. In less than 5 years since the 1939 amendments to the Social Security Act established this system in its present form, old-age and survivors insurance has become a reality toward which a majority of families in the United States look for actual or potential income in the event of the death of the family wage earner, or for an assured monthly income in old age.

During the sweeping wartime changes in the composition of the labor force and the great geographic and industrial shifts of the employed population, the existence of a single system applicable throughout the United States and to so large a part of all gainful work has been of incalculable importance in affording continuous protection to workers and their families. In these years a man may have shifted from a job at a soda fountain in New York to an airplane assembly line in Michigan or a crane in an Oregon shipyard. Wherever he has gone, his earnings in covered jobs have been reported to the Board under the account number he holds throughout his life. In all parts of the country are field offices of the Board to which he can turn if he wants to know more about his rights and responsibilities under the system or to question any administrative action which affects him. This form of organization has made it possible for the Board to realize the economies of large-scale centralized operations, so that the average cost of keeping wage records in 1943-44 was only 17 cents per year for each account, and at the same time to render services to employers, covered workers, and claimants on a localized and individualized basis.

Coverage

The record level of wartime employment and earnings has resulted in a large increase in the number of persons who have earned credits toward benefits, and for many will increase the amounts of the benefits for which they or their survivors will eventually qualify. In the calendar year 1943, it is estimated, some 48 million persons earned wage credits under the system, as compared with less than 33 million in 1937, the first year for which such credits accrued. Taxable wages in 1943 reached the record level of nearly \$63 billion, averaging \$1,310 per covered worker according to preliminary estimates; in 1937 the average was \$900. From one-fourth to one-third of all wages and salaries in the United States, however, and somewhat higher proportions of all employment, have been in jobs excluded from old-age and survivors insurance; in 1943 the proportion excluded was higher than in earlier years because military and other Government service, which is not covered, accounted for so large a part of total wages and salaries. At the time of the 1940 census, probably about half of all gainfully occupied persons, including farm owners

and other self-employed persons, were in work which does not carry credits toward old-age and survivors insurance.

This limitation of coverage is the most serious shortcoming of the basic Federal system. Large groups of the population who depend on earnings throughout their lives have no opportunity to earn credits toward retirement or protection of their survivors under this or any other public system. This lack is especially great among three groups for which earnings are ordinarily low—agricultural workers, domestic workers in private homes, and self-employed persons. Together, these groups comprised some 14 million persons at the time of the 1940 census. Public employees and employees of nonprofit organizations—hospitals, colleges, churches, private social agencies, and the like—characteristically lack survivor protection, and often lack provision for retirement, under any organized plan. On the basis of the 1940 census it is estimated that, under peacetime conditions, public agencies and nonprofit organizations and institutions employ about 5 million persons.

The effect of the limitation of coverage is even greater than that suggested by the size of the groups excluded at a given time, such as the week in which a census is taken. During a year or over longer periods, many people shift between jobs in industry and commerce and work not covered by the Federal system. These shifts result almost inevitably in reducing the amount of the benefit for which an individual could qualify under the Federal system if all his employment had been covered by that system, and it may result in his inability to acquire or keep insured status. If his other work is in a job covered by some special system, such as a retirement plan for teachers or civil-service employees, division of coverage may work out in such a way that he can get only a minimum monthly benefit under one or the other, or cannot qualify under either though he may have contributed to both.

At the beginning of 1944, it is estimated, only about half the workers for whom wage credits had been entered at some time during the preceding 6 years had acquired currently or fully insured status. Of the remainder, some had died before becoming insured and others had left the labor force after only brief covered employment. These latter included women who left at marriage, many of whom will have rights to old-age or survivor benefits on the basis of the husband's wage record. Some persons had been in covered employment in only the last year. Still others worked only intermittently, such as housewives who take holiday jobs in stores or work in a cannery for a short time in the summer. A large proportion of the total, however, represents persons who do rely on their labor for their living but failed, because of the restriction of coverage, to have sufficient continuity of covered employment to gain insured status. Among these, for example, are many self-employed persons—farmers in particular—and agricultural workers, domestic workers, and others who hold covered jobs from time to time but fail to gain insurance protection.

Wartime shifts in employment have greatly increased the actual or potential injustice to workers whose jobs have been partly within and partly outside the coverage of old-age and survivors insurance. Many workers previously covered in industry and commerce have gone into Federal service in arsenals, navy yards, and offices, and are losing previously acquired insured status without gaining alternative rights.

Others who left farms and kitchens to take jobs in factories, offices, and stores have had their first chance to contribute to old-age and survivors insurance and have gained some current protection for their survivors and some credits toward retirement benefits. At the end of the war, however, many of these will return to their former work; unless coverage is extended to those jobs, they will lose whatever insurance protection they have built up. Since military service is not covered, millions of persons in the armed forces are failing to receive the wage credits which, except for the war, they would have accumulated toward insuring their families and themselves. Veterans' benefits, of course, recognize the Nation's responsibility for the families of men and women who die or are disabled from service-connected causes, but these provisions do not cover the needs of the great majority who will live out their lives in peacetime occupations.

The restriction of the coverage of the basic Federal system not only results in injustice to persons whose work is wholly or partly excluded but also unduly complicates the determination of coverage in borderline occupations. For example, considerable difficulty has been experienced in determining whether the services of thousands of workers engaged in processing and packaging operations in fruit and vegetable-packing plants are "incident to the preparation of [the commodity] for market" and therefore excluded from coverage as "agricultural labor." Difficulties also arise in drawing the line between employees and independent contractors, especially in the case of persons selling insurance, newspapers, magazine subscriptions, and the like, on a commission basis. Criteria for determining whether an organization is "organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes" are often difficult to formulate and apply. A general extension of the coverage of the old-age and survivors insurance program would minimize, if not entirely obviate, the difficulties and costs of making coverage decisions in these and numerous other situations. The persons whose usual work is excluded from the system are in as great need of the protection of old-age and survivors insurance as those whose usual jobs are covered; for some noncovered groups the need is even greater. During the past year an increasing number of individuals and representatives of the excluded groups have written to the Board to urge that coverage of old-age and survivors insurance be extended to them.

Difficult as it is to develop precise interpretative criteria, the problem has been considerably complicated by the fact that the identical benefit and tax provisions of the program are administered by the Board and the Bureau of Internal Revenue, respectively. Although considerable efforts have been made to achieve coordination of interpretation of both agencies, certain differences have persisted. Although on occasion the advice of the Attorney General has been solicited to resolve conflicting interpretations, the problem is in large measure still unsolved.

There would be no undue administrative difficulty in covering any of the excluded groups; simplified methods of reporting and recording wages have been worked out for employers such as farmers and housewives and for the self-employed. A stamp-book system could be used by employers who do not customarily keep wage records or make wage reports; stamps purchased at post offices or from rural mail carriers could evidence the amounts thus paid by the employer and the worker.

Use of a stamp system was authorized by Congress when the insurance provisions were enacted in 1935. Reporting for self-employed persons who make income-tax returns could be based on those returns; for others, on sworn statements of net earnings or the amount they would have had to pay someone else to do their work.

Immediate action is needed to maintain the protection first gained by many in the war years, to protect the insurance rights of members of the armed forces and of civilians who have been in Federal wartime service, and to extend the program to the large proportion of the labor force who still have no effective opportunity to earn its protection. The Social Security Board urges the recommendation it has made on previous occasions that old-age and survivors insurance be extended to cover all gainful occupations.

In extending the basic Federal system, it is important that newly covered groups should not lose rights they have acquired under other public provision for retirement or for survivors. Coordination of preexisting retirement plans of private employers with the program under the Social Security Act has been effected very successfully, with increase in the total benefits payable to many workers. There is every reason to anticipate similar success in coordinating provisions of the special public systems for civil-service employees, teachers, and others, with old-age and survivors insurance—strengthening and broadening the insurance protection of persons already included in such systems and providing for persons in these and other groups who now lack coverage under any plan.

Extension of coverage is the most urgent single need in old-age and survivors insurance, both because of the long-term problems and factors which have become evident in the operation of the system and because of the particular situations caused by the war. Experience has also indicated need for other modifications to strengthen the system, to make benefits more nearly adequate, to rectify anomalies and inequities which affect certain groups, and to improve provisions which have been found cumbersome or ineffective in administration. The following paragraphs indicate the more important of these needed changes.

Adequacy of Benefits

Benefits under old-age and survivors insurance are intended to represent a basic protection. A considerable proportion of the beneficiaries have additional resources, such as owned homes or other savings, commercial insurance, or pensions under employer plans. Surveys of families to which benefits are being paid show, however, that many have no resources except their benefits. Many reported that they were rapidly using up any other resources they had and did not know how they would get along when those were exhausted.

Extension of coverage so that all earnings could be counted in computing benefits would improve benefit levels for many workers. The Board believes, however, that experience in these first years of benefit payments has shown that further modifications are needed to improve the general adequacy of benefits. Such an improvement might be made by changes in the benefit formula or in the method of computing the average monthly wage, or in both. At present the "average wage" on which benefits are based is lowered not only by periods in which a worker was in noncovered employment but also by those in which he was unable to earn because of sickness, continuing disability, or unem-

ployment. Extension of coverage and determination of the average monthly wage on a basis that would exclude periods with little or no earnings from the computation could bring the benefit amount into a more reasonable relationship with the actual level of his past earnings when employed and, consequently, the income loss at his retirement or death. In addition, the benefit formula should be revised so as to assure higher benefits for low-paid workers.

Undue hardship results from the requirement of the Social Security Act that benefits must be withheld for any month in which a beneficiary earns \$15 or more in a covered job. When the Social Security Act became law, unemployment was widespread and it was thought that a requirement of this type would help to free jobs for workers who needed them more. Since insurance benefits represent only a basic amount, however, beneficiaries prefer jobs to benefits if they can get regular or substantial employment. There are, however, many potential beneficiaries who would like to give up full-time jobs if they could earn enough so that, with their benefits, they could "get along." Many, also, are not able to do or get more than casual or occasional work, but are placed in the dilemma of sacrificing either inadequate benefits or inadequate earnings. A more liberal "work clause" would remove this dilemma.

Since wives ordinarily are younger than their husbands, a worker who retires at or soon after age 65 more often than not finds that his wife, because she has not yet reached that age, cannot draw the wife's benefit for which she would otherwise be eligible. It seems clear also that women have greater difficulty than men in getting or keeping jobs when they are in their sixties. The Board therefore recommends that the minimum age be reduced from 65 to 60 years for women who otherwise qualify for primary, wife's, widow's, or parent's benefits.

For receipt of a child's benefit, the act requires that a child aged 16 or 17 attend school regularly if it is feasible for him to do so; school attendance is not required for younger children. Experience has shown that school attendance is not feasible for most of the older child beneficiaries who are not regularly in school, and administration of this provision is difficult and costly. The Board recommends that the requirement be eliminated for children aged 16 and 17.

Before the war, it was often to the interest of a worker whose earning capacity was declining to file his claim when he reached age 65 and thus "freeze" the benefit amount, even though actual receipt of benefits was postponed until some later time when he stopped work; inclusion of his later declining earnings would decrease his average wage on which benefits are based. During the war many aged beneficiaries have had a chance to earn additional taxable wages, foregoing their benefits in the meantime, and many have asked why those wages cannot be counted to increase their benefit amounts when they stop work. The Board believes that their contention is just and has developed procedures for recomputing benefits. This change will permit workers to have all their taxed wages considered in calculating their benefits when they stop work, whether or not they have previously filed a claim for benefits.

While recalculation of benefits to take account of wages earned after entitlement will help many beneficiaries who have gone back to jobs during the war, there are others whose benefits would have been greater had they filed their claims at an earlier date. The law requires

the calculation of the benefit amount as of the time the application is filed, even though the individual could have been entitled to benefits earlier had he filed a claim. The Board believes the act should be amended to permit computation of a monthly benefit as of the first date on which a worker is fully insured and aged 65 or over, or as of January 1 of any subsequent year, whichever would result in the highest benefit amount. This change would relieve the worker of the need to guess the amounts of his future earnings, and consequently the most advantageous time for filing a claim to "freeze" his benefit amount, and would in fact eliminate such advance filing of claims.

Retirement for Disability

Many wage earners cannot keep on working until they reach their sixties. In its economic effect, permanent disability is like old age, except that the result may be even more severe. When a worker becomes incapacitated at an earlier age, his family obligations are likely to be greater and he has had less opportunity to accumulate savings. The framework and organization of the Federal old-age and survivors insurance system are admirably suited to the payment of cash benefits to replace part of the wage loss of workers who are totally and permanently disabled. For the reasons summarized later in this report, the Board recommends that the program be broadened to constitute an old-age, survivors, and disability insurance system.

Contributions

Under the Revenue Act of 1943 (Public Law No. 235, 78th Cong.), which continued earlier postponements of the scheduled rise in contribution rates, employers and workers will contribute 1 percent of taxable wages until January 1945, when the rate is scheduled to rise to 2 percent each. Despite the lack of increase in the rate, assets of the fund have continued to rise rapidly. The increase which was to have been expected in any circumstances at this stage in the development of the system was accentuated by the record volume of contributions and by the failure, also due to wartime factors, of many eligible persons to claim benefits to which they could have been entitled. Much of this accentuated increase in the fund is, however, more apparent than real. The rise in contributions also reflects a rise in added obligation, much of which will not accrue for many years until the individuals concerned qualify for payments.

Benefit costs, moreover, will continue to rise for many decades after the program's inception. At present only a comparatively small proportion of the population over age 65 can qualify for insurance benefits, since most persons now over 65 had passed working age when the program became effective. A generation from now, on the other hand, a substantial proportion of aged persons will have benefit rights, since they are those who today are building up benefit rights through their present wage credits. Moreover, it is expected that by the end of the century the number of persons over 65 in the United States will be more than double the number today. The number of survivor beneficiaries will also increase for some years, since names are being added to the benefit rolls more rapidly than they are removed because of death or for other reasons. Average benefits of all types will also increase with time.

The Social Security Board advised against the postponement of

the scheduled increases in the contribution rate for old-age and survivors insurance and believes that the scheduled increase for 1945 should go into effect in accordance with existing law.

The Revenue Act of 1943 also authorized appropriation to the old-age and survivors insurance trust fund of such amounts from general revenues, in addition to contributions, as may be required to finance benefits under the system. The Board believes that a Government contribution toward financing social insurance is sound in principle if the system is substantially national in coverage so that general tax funds, paid by many persons, are used also for the benefit of the many.

Disability Insurance

The burden of substandard health in the United States is dramatized by the finding that about 2 out of 5 of the men called up have been found physically or mentally unfit for military service at the Selective Service examination, and many others have been discharged for medical reasons while in training. On the basis of examinations made through May 1944, the Director of the System reports that "of the men between 18 and 37, more than 5 million are not physically fit to assume their responsibilities as citizens in war." The great majority of these, moreover, are "not only unfit for military service but because of their defects less useful to the community in any other capacity."

These figures, of course, relate only to men, and to men in the prime of life. In the whole population a far larger number of persons are handicapped by substandard physical or mental health. Rates of sickness and disability are higher among women than among men, and are much higher among persons aged 40 and over than in the age groups called for military service. Costs and losses from temporary or permanent disability are heavy, often intolerable, drains on family income. They likewise constitute needlessly heavy burdens on public resources in the form of wasted expenditures for education, costs of dependency and delinquency, and direct public expenditures for medical care. Industry pays its share of the price in terms of absenteeism and lowered efficiency of persons who are on the job but working at less than their potential capacity.

The Social Security Board continues to be of the opinion which it has expressed on earlier occasions that lack of social insurance to meet the economic risks of sickness and disability is the most serious gap in organized provisions for social security in the United States. These risks have two major aspects—the loss of earnings by workers who are sick or become permanently disabled, and the barrier of cost which deters or prevents families at nearly all income levels from obtaining needed medical care. Cash disability benefits to offset wage loss are discussed in this section; ways to enable families to pay for medical care, in the pages following.

Volume of Disability

On an average day, at least 7 million persons in the United States are so disabled by sickness or injury that they cannot go about their ordinary business—school, work at home or on the job, or whatever it would normally be. Nearly half of these would be in paid jobs, or looking for such jobs, except for their incapacity. The other half in-

cludes children, students, housewives, old people, and others who are not in the labor force.

Of the 7 million disabled on the average day, about half have been incapacitated for less than 6 months; the remainder, for 6 months or more. For social insurance purposes, total disability is ordinarily rated as "permanent" when it has continued for more than 6 months; shorter periods are considered temporary. On an average day, the whole group of persons incapacitated from following their normal pursuits is about the size of the entire population of New York City; those who have been disabled for 6 months or more are a group about as large as the population of Chicago. Over the course of a year, about one in every three or four wage earners in the United States is incapacitated by temporary sickness or disability; in years of epidemics the rate is even higher. As Selective Service examinations and many special surveys have shown, additional millions of persons who are up and about are suffering from physical and mental conditions which limit their ability to do their full share at home, at work, and in the life of their community and the Nation.

Wage Loss From Disability

Disability usually throws a double burden on family resources. Apart from the unexpected and largely uncontrollable expenses which sickness brings, disability of the breadwinner almost always cuts down or stops family income. Loss of earnings from temporary and permanent disability runs to some \$3-\$4 billion in ordinary years in the United States; loss of working time, to perhaps some 1.5-3.3 million man-years. In its effect on family security, permanent disability is like old age, except that it involves additional medical costs and often comes unexpectedly, at a time when a worker's family responsibilities are greatest and when he has had little opportunity to accumulate savings. Loss of earnings during temporary disability is likely to cause greater hardship than losses during unemployment, because of the additional expenses which sickness commonly brings.

Existing Insurance Provisions

Few American workers have or can get insurance against permanent loss of their capacity to earn, except for work-connected injuries or disease covered by workmen's compensation laws. These causes account for less than one-tenth (perhaps nearer one-twentieth) of all disabling illnesses among persons in the labor force. Our country stands almost alone among the great nations of the world in failing to protect the great majority of wage earners against incapacity of nonoccupational origin. Thirty-one countries have compulsory social insurance for wage earners against permanent disability; the United States is the only Nation which insures workers against old age without also insuring them against permanent or chronic disability. Thirty-two countries have insurance against wage loss in temporary disability, and the United States is one of only three which insure temporary loss of earnings from unemployment without also insuring the loss from temporary sickness.

Limited protection against total and permanent disability is made for workers covered by the Railroad Retirement Act, by retirement systems for Federal employees, and certain other public or private retirement plans. One State—Rhode Island—provides cash dis-

ability benefits during temporary sickness for industrial and commercial workers covered by the State unemployment compensation law. Veterans of the armed forces receive benefits during total temporary disability for a period following their discharge. They also receive benefits for total or partial permanent disability when disability is service-connected, and in certain circumstances have this protection against non-service-connected disability. Voluntary insurance against permanent disability is very expensive on an individual basis, since the persons most likely to buy it are those who have reason to believe themselves poor risks; most commercial insurance companies have ceased to write policies of this type. Commercial insurance against loss of earnings during temporary disability has been increasing in recent years but is unlikely to help those most in need of such protection. The costs of such insurance are high for the protection it offers, and relatively few workers can and will purchase it.

Averaging Wage Losses From Disability

Costs of disability benefits represent a redistribution of existing financial burdens so that workers themselves, or workers and their employers, and government, can meet risks which now bear heavily on private and public resources. The vast total wage loss from disability in any given year falls on only a small minority of all workers' families, though all are subject to risk of loss. In a given year a relatively small group of families suffer the catastrophe of prolonged or permanent disabling illness, and their misfortunes cause heavy drains on public funds; a larger group suffer serious losses but are not reduced to dependency. Disability insurance, like life insurance or fire insurance, is a way of distributing the losses of the relatively few over the many who are subject to the risk, and of spreading the cost to the individual over a period of time. It thus reduces the individual's share to an amount he can carry, while giving every individual the desired protection.

The field organization, wage records, administrative experience, and other characteristics of the Federal old-age and survivors insurance system provide a ready framework for administering benefits for permanent total disability. Cash benefits would be provided for the wage earner whose permanent disability forces him to retire prematurely, and for his dependents, just as benefits are already being paid to retired wage earners who have reached the age of 65. The cost of permanent disability benefits would be relatively small at the beginning, as under all long-term insurance programs, and would rise as additional beneficiaries were added to the rolls. Costs would vary according to the scale of benefits established and other benefit conditions; with reasonably adequate provisions, the cost might be expected to level out at about 1 or 2 percent of covered pay rolls after provisions had been in effect for 15 or 20 years. Much of this cost would represent a transfer to contributory financing of costs now met from public funds in the form of relief or institutional care.

Substantial provision against wage loss from temporary disability and the early period of a disability which might later prove permanent could be made by setting aside an amount equivalent to about 1 percent of covered pay rolls. Obviously, provisions for the two types of benefits should be coordinated if there are separate systems for temporary and for permanent disability insurance. Coordination

is essential to prevent overlapping or gaps for workers whose incapacity continues, and to ensure that benefit amounts will represent an appropriate proportion of wage loss during the initial weeks or months of disability and a somewhat lower proportion over prolonged periods, when the family presumably can make some adjustment to the loss of earnings. As against separate systems, however, there would be many obvious advantages in unifying administration of both types of disability benefits, and such a plan deserves careful consideration.

The Social Security Board believes that social insurance against permanent and temporary disability is needed in the United States and is feasible at this time from the standpoint of both administration and costs. The economic impact of permanent disability is so severe for the families concerned and so costly to the public that the Board believes it important to establish permanent disability insurance if provision of both types of disability benefits cannot be undertaken immediately.

Medical Care Insurance

Health among a people depends on many factors other than medical care—among them, the amount and distribution of national income, the level of education and of sanitary safeguards, and climate and other environmental factors. Because the United States is the richest of the nations and is known throughout the world for its natural advantages and its progress in education, sanitary controls, and scientific achievement, it is often declared that Americans, as a people, stand first in health. It is argued that our present arrangements for making medical services available to individuals are fully justified by our health record.

Security of Life

Available statistics do not bear out the claim that the United States is the healthiest nation. Probably the best single basis for international comparison is the death rate among babies in their first year of life. In the years preceding the war in Europe, according to statistics of the League of Nations, 7 countries had lower infant mortality rates than the United States. From 7 to 11 countries—the number differing for various age groups—had lower death rates among children and adolescents, and 20 or more countries had lower rates among persons aged 35–64.¹ Death rates among the Negro population in the United States are typically higher than those of white persons. Even if international comparison is restricted to the white population, however, our death rate is by no means the lowest. In the expectation of life for white boys at birth, the United States ranked fifth among the pre-war nations; for white men at age 20, it ranked ninth; at age 40, twelfth; and at age 60, thirteenth.

Despite past progress in preventing sickness and prolonging life, the United States has not yet achieved for all its people—and in particular for those in the working ages—the level of security of life

¹ From tables in *Statistical Year Book of the League of Nations, 1941/42*, pp. 40–41, 62–67; and League of Nations, *Annual Epidemiological Report for the Year 1933*, pp. 65–67.

which has been attained in some other nations with much smaller economic resources.

Progress in Public Health

Much of the spectacular progress in lowering the general death rate in this country has been in preventing deaths from the communicable diseases of childhood and from typhoid fever, tuberculosis, and pneumonia and influenza. Between 1900 and 1940 typhoid fever and diphtheria were all but wiped out, and death rates for other communicable diseases in this group were cut down by from 60 to 90 percent. For all other causes of death taken together, the decline was only 16 percent. The decline in the general death rate in recent decades has been due chiefly to the decline in certain infectious diseases which have been controlled largely through public measures for sanitation and various other activities of public health departments.

This progress is still spotty. If all States had had as low an infant mortality rate as one State had in 1942, some 35,000 babies could have been saved. If, in 1941, all States had had the tuberculosis rate of the lowest State, some 42,000 deaths could have been prevented, mostly deaths of men and women in the productive ages. This was about the number of the Nation's war fatalities at the end of nearly 2½ years of fighting.

It is not an accident that deaths which could have been prevented through accepted public health measures and sanitary controls are relatively the most numerous in States which lack adequate facilities for controlling such diseases and spend inadequate amounts for public health. Hundreds of thousands of lives could be saved each year, and additional hundreds of thousands of families saved needless suffering and expense, if the time-tested public health measures now actually in effect in some parts of the country were in full use everywhere.

Present Burdens of Sickness

A much larger part of the existing burden of ill health, disability, and postponable death now comes from illnesses which cannot be prevented or controlled by methods which automatically protect the whole community. Full use of the resources of modern medicine to reduce suffering, prevent disability, and prolong vigor and life demands increasingly the services which doctors must give patients individually, one by one. Such care also demands increasing use of necessarily costly facilities and techniques.

With progress in saving lives of babies and children, a growing proportion of the population lives to middle age and old age, when the most important causes of disability and death are diseases of the heart and arteries, cancer, and other chronic ailments. Most of these kill slowly, after a long period of illness and gradually increasing disability. Many of them attack in the years of life when responsibilities for family support are heavy. Disability insurance, as well as medical care insurance, would be of particular importance in encouraging workers to seek medical advice at an early stage, when adequate care might prolong their usefulness and their lives. They would know that, if the diagnosis was what they feared, some support would be at hand for them and their families. Most people will not go to

doctors until they have to if they know that loss of earnings will mean catastrophe to the family or fear that they will not be able to pay for the care they need.

General morbidity rates and death rates are averages, made up of the experience of groups who have been able to benefit from all advances in scientific knowledge and skill, and of those who have had scant share in this progress. Sickness comes oftener and lasts longer, and death comes earlier, in the homes of the poor than of the well-to-do.

Reasons for Lack of Care

To some extent, the inadequacy of the medical care received by the American people as a whole is due to the fact that some places, especially rural areas, lack adequate medical and hospital facilities. These are areas where average income is low. Present resources for medical care are unevenly distributed, because hospitals tend to cluster in cities where large numbers of persons seek their services and financial resources are ample, and doctors also locate in cities and towns where they find hospitals and laboratories and a better chance to earn a living. Even when medical facilities are ample, however, a considerable part of the capacity of hospitals and the time of skilled practitioners goes unused in ordinary years, though in the same places there are sick people badly in need of services. Ignorance and inertia have some part in the failure of people to get medical services they need, especially early in illness when services are most valuable. By far the most important reason, however, for the lack of needed care and for the volume of "charity" required of doctors, hospitals, and the public is the present method of paying for medical care—when sickness is at hand and family income is likely to have been cut down or stopped.

Methods of Paying Medical Costs

In an ordinary year the American people pay about \$4 billion for all civilian health and medical services, including costs of hospital construction. Of this total, about four-fifths comes from private funds and one-fifth from public funds. The total expenditure, governmental and private, for all health and medical services is equivalent to about \$30 a person a year. But in any year some families pay little or nothing to doctors and hospitals, while others pay hundreds or even thousands of dollars. The difficulty with medical costs is that no family can know how much or how costly medical care they will need or can limit their needs for care to what they can afford. If costs could be averaged for the types of medical services which are ordinarily bought individually, most self-supporting families could pay for adequate medical care without hardship.

Tax-supported care.—For certain major forms of medical care or care of certain groups in the population, much or all of the cost has been "averaged" through payment from the tax funds to which the whole community contributes, not merely the sick person or his family. In 1943, for example, 97 percent of all beds in hospitals for mental and nervous diseases were in publicly owned and operated hospitals, and 85 percent of all beds for tuberculous patients were in tax-supported hospitals. These types of long-continued care obviously are too costly for any but the richest families to bear individually. These diseases, moreover, have long been recognized as endangering public

health and safety and leading to public costs for broken and dependent families.

The Federal Government, again for obvious reasons, has always been responsible for medical care of the armed forces. In addition to care of service-connected injuries and illnesses, moreover, by the end of the war some 16 million veterans will be able to receive publicly supported medical care for non-service-connected conditions through veterans' facilities.

From colonial times, care of the sick poor has been considered a public responsibility, though often provided very inadequately if at all. It is estimated that total public expenditures for medical care of the indigent and low income groups—including expenditures of the Federal Government, the States, and their localities—are at least \$150 million a year.

Most of the care given under the arrangements outlined above is "state medicine" in the sense that it is financed from public funds, is given through publicly owned facilities, and is given for the most part by physicians or others paid directly by government agencies. It represents not only a method of financing costs but also a way of organizing medical and institutional practice. Since "state medicine" has ordinarily been used as a term of opprobrium, it should be pointed out that some of these areas of medical service, notably care of mental illness and prevention and care of tuberculosis and other communicable diseases, are those in which progress has been outstanding and for which the United States is known favorably throughout the world.

Insurance methods.—Another group of arrangements has been developed in the United States through which costs of medical care are distributed among employers or the individuals directly concerned, or both, without recourse to tax funds.

Costs of medical care for work-connected injuries, and in some States also of occupational disease, are insured under State or Federal workmen's compensation laws; only one State lacks such legislation. These laws make costs of industrial accident and disease a part of the cost of production.

In recent years a large number of middle-class families have been able to average some of their medical costs through membership in voluntary prepayment plans. The membership of Blue Cross plans, which cover certain hospital bills, includes about 15 million persons, or about 11 percent of the population. Voluntary prepayment plans for medical care, established by industry, medical societies, and community and other groups, probably cover about 4 or 5 million persons, about half of whom are counted in the number covered by Blue Cross plans. These families pay a regular fixed amount each month and know that, within limits fixed by the contract, their hospital or other medical bills will be paid if they become sick. Contracts are commonly restricted to surgical expenses or fix extra fees for some services. In addition, commercial insurance companies sell policies—usually to indemnify hospital or surgical expenses or both—on an individual and group basis. The scope of the protection is always limited and often is restricted to care of accidental injuries. All in all, possibly from 30 to 35 million persons have some protection against hospital and medical costs under the Blue Cross and other voluntary prepayment plans and commercial insurance. Comprehensive protection against medical and hospital costs is limited to a few million.

Workmen's compensation and the other arrangements mentioned above are forms of insurance. They are ways of distributing and paying costs, not forms of medical practice. In one way and another, they help to cut through the barrier of costs by distributing medical care expenses over the whole group of insured persons, the well and the sick, and by distributing the costs over periods of time—the years of earning as well as the weeks or months of sickness. In the usual voluntary prepayment plan, a patient picks his doctor or hospital from all participating in the plan; doctors and hospitals decide whether or not they wish to join such plans. These plans cause no change in the personal relationship between a doctor and his patient, except to wipe out misgivings of both about the bill and to lessen the other important failing in that relationship—that so many people have no relationship with any doctor.

All the voluntary forms of medical care insurance mentioned above are fulfilling valuable functions in their limited sphere. They are necessarily more costly than the arrangements which could be evolved with wider sharing of sickness risks and with the administrative economies feasible for larger units. Their great shortcoming is that they reach so small a part of the population and fail to reach those who have the greatest need of medical care insurance. From the standpoint of both the public and the families concerned, the great majority of the population must have some better way to pay medical costs if American families are to achieve the level of health and economic independence which our national resources should assure.

Compulsory social insurance.—Neither the course of present developments in this country nor experience in other countries which have tried voluntary health insurance gives any indication that comprehensive and adequate arrangements to insure medical costs can be made in any way except through a compulsory insurance system. In this aspect of health security the United States faces a situation not unlike that in old-age security a decade ago. At that time, many employers had established sound retirement systems for their workers; some persons had banded together to provide for themselves as a group or had made adequate individual provisions through annuities or other forms of commercial insurance. It was clear then, however, as it is clear now for medical care insurance, that these voluntary arrangements could not be expected to extend to even a majority of the population in need of insurance or to the groups whose needs were greatest.

Medical care insurance would enable self-supporting families to pay for and get needed medical services without any important alteration because of the insurance system in present forms or organization of medical practice. Moreover, families dependent on public funds could be covered through payment of contributions on their behalf by the agencies administering assistance. They thus would receive care in the same way in which others receive it; the stigma and, typically, the inadequacy of "poor-law medicine" could be wiped out.

Contributions equivalent to about 3 percent of annual earnings would pay for adequate basic medical and hospital services for both workers and their dependents. A more comprehensive system would cost the equivalent of about 4 percent. These costs would be no more than now is spent by families on the average. They are less than the average expenditure by families in the low income groups, since, contrary to the general impression, low-income families spend, on the average,

a larger proportion of their incomes for medical care than families in better circumstances, though—because of their more frequent and severe illness—they receive much less in relation to what they need.

Public discussion has centered around three alternative methods of providing medical care insurance. It has been suggested that it could be established on a State-by-State basis, without participation by the Federal Government. It could follow the pattern of unemployment compensation, in which Federal legislation gave inducement to States to enact laws and establish insurance systems. Or, following the analogy of old-age and survivors insurance, it could be established as a Federal system.

For reasons outlined in the following section of this report, the Board believes that it would be simplest, most economical, and most effective to establish comprehensive protection through Federal legislation, while providing authority to utilize State agencies and other facilities. In any event, administration of benefits should be so decentralized that all necessary arrangements with doctors, hospitals, and others would be worked out on a local basis. The general pattern of arrangements with hospitals and doctors should be developed with the collaboration of professional organizations and with careful regard for regional, State, and local circumstances. In each area of administration—local, State, and Federal—policies and operations should also be guided by advisory bodies representing those who pay the insurance contributions and those who provide the services.

The much-advertised fears of "socialized medicine," "regimentation" of doctors, hospitals, or patients, loss of the patient's freedom to choose his doctor, and deterioration of quality of care can be made wholly groundless. A system of medical care insurance can and should be so designed as to avoid these disadvantages. By making services readily available to those who need them, without fear of the costs, the quality and effectiveness of service may be improved, and the incomes of doctors and hospitals may be made better and more secure. If, at the same time, professional education, research, and the construction of needed facilities are financially aided, progress in medicine and improvement in national health can be greatly accelerated.

Interrelationships of Social Insurance Programs

In the United States, as in other countries, various forms of social insurance have been established at different times and under various laws and auspices. Gaps, overlapping, and conflicts inevitably result from this piecemeal development. Similar anomalies arise in the relationship between particular forms of social insurance and other public programs which serve similar purposes. It is wholly proper but nevertheless anomalous, for example, that the one large group for whom comprehensive public medical services have been assured for the future consists of ex-servicemen, who—apart from war injuries and the special strains of combat service which some fraction of their number will have suffered—presumably will have less need for the medical care provided for non-service-connected conditions than men who were rejected for military service just because of their substandard health or than older persons, children, and women.

Many of the gaps, duplications, and illogical distinctions which arise in the operation of existing social insurance programs result from their

various limitations in coverage. It is illogical, for example, that a man who drives a truck for a commercial firm is covered by old-age and survivors insurance while one who drives for a hospital is not, or that, in some States, the man who drives the truck for a little business is barred from unemployment insurance while across the street men doing exactly the same kind of job for a larger concern have this protection. Coverage differences also result in the illogical and unjust situation mentioned earlier, in which some persons who hold successive jobs covered by different public programs (for example, old-age and survivors insurance and a retirement program for public employees, or a State unemployment compensation law and the Railroad Unemployment Insurance Act) find themselves, because of that division of coverage, without rights under any program when they need insurance benefits. Dual coverage also may lead occasionally to dual benefits and an amount incompatible with the purposes of social insurance.

The diversity of programs results in large differences in the protection available to workers in similar circumstances. In one State, for example, a worker with a given amount of covered employment and earnings is eligible for an unemployment benefit of \$20 a week for 20 weeks, or \$400 in all, if he continues to be unemployed; in another State, a person with exactly the same wage and employment record will receive less than half that amount, that is, \$15 for not more than 11 and a fraction weeks.

Incompleteness of social security provision results in other situations which workers find it particularly hard to understand. An insured worker who is unemployed and is about to draw his first weekly benefit may meet with an accident or may fall sick. If he is unable to work, the benefits he otherwise would receive cannot be paid to him—though his need for them may be greater than if he were well and unemployed—since unemployment benefits are payable only to persons who are able to work and available for work. Likewise, the permanently disabled worker who has contributed to old-age and survivors insurance finds it hard to understand why he and his family cannot receive any benefits before he reaches age 65. If he had died, he may argue, his widow and children could have survivor benefits, but if he lives and is wholly incapacitated, they receive nothing before he reaches retirement age, though their burden is even greater. Moreover, if he is unable to work for a long time, the gap in his wage record and reduction in his average wage under the system will reduce the amount of any benefits eventually payable to him and others in his family, or may even deprive the family of all rights to benefits on the basis of his wage record. These limitations are inherent in the character of the existing program.

In 1935, when the Social Security Act became law, the United States had no extensive experience in any form of social insurance except workmen's compensation. Moreover, little was known of many factors basic to the establishment of insurance programs—such as the extent and character of unemployment, internal migration of workers and their families, or levels of annual earnings of various groups and at different ages. The insurance provisions of the Social Security Act were limited, as a beginning, to the two causes of wage loss which then appeared most serious—old age and unemployment. They also were limited to the groups whose coverage could be effected most easily, to facilitate organization and administration at the beginning of the

program. Two different approaches were made to administration, after discussion of various alternatives: the Federal system adopted for old-age and survivors insurance and, for unemployment compensation, State administration under laws enacted as the result of the incentives furnished by the Federal act. The latitude left for State legislation, it was pointed out, gave room for experimentation and improvement in a program for which there was no precedent in the United States except the doubtful analogue of workmen's compensation. The Social Security Board was made responsible for studying ways of providing economic security through social insurance and recommending legislation to Congress.

Preceding pages of this report outline the major specific changes in existing programs under the act which the Board, in the light of its operating experience and studies, believes necessary at this time. They also summarize the reasons for and general character of the Board's recommendations for extension of the scope of social insurance. In addition, the Social Security Board wishes to emphasize its belief that the most effective and economical method of organizing provision for social insurance in the United States is through a single comprehensive national system, establishing a basic minimum protection, with which special or additional programs could be coordinated.

The major characteristics of such a system were outlined in the Board's *Eighth Annual Report* to Congress and will be given here even more briefly.

A single social insurance program would necessarily be established under Federal law. Its administration should be decentralized. Experience in the operation of old-age and survivors insurance shows clearly the simplicity and economy of this form of operation and the feasibility of giving individualized services through local offices which become a part of the community in which they are established. An example better known at present to most people is the postal service. Carrying the mails was once a private business or a local responsibility. It is now unthinkable that there should be different postal rates or services in different parts of the country. Yet while the same provisions underlie the system, each post office is an agent of its community.

Since social insurance bears directly on the interests of various groups of the population, it is important also that in any area of operation—local, State, or Federal—there should be advisory councils and appeals bodies. Such bodies should provide for appropriate representation of the general public, contributors to the system—workers and employers—and special interests relating to particular activities, such as the hospitals and the medical profession.

A comprehensive basic system should afford insurance against involuntary loss of earnings for all the common reasons not within the control of individual workers—temporarily, during sickness or involuntary unemployment of the breadwinner, or for longer periods, during chronic disability or old age, or at the worker's death. It should include medical care insurance. Inclusion of all these risks in a single system would make it possible to establish proper relationships between the amounts and duration of benefits under the several programs, to avoid gaps and overlapping, and to achieve the simplicity and economy of a single administrative framework.

Under adequate benefit provisions, moreover, there would be equity

to workers throughout the country. It is often argued that State systems of social insurance make it possible to adjust benefits to differing levels of wages and levels of living in different areas. This contention ignores the fact that the differences within a State are as wide as those among States. More important, it ignores the fact that when benefits are computed as a percentage of past wages, within minimum and maximum limitations, adjustments to wage differences, and thus to levels of living, are made automatically. Average benefits under old-age and survivors insurance, for example, are lower in communities where prevailing wages are \$15 a week than in places where they are \$25, \$30, or \$40. In any place, however, the worker who has paid contributions on average earnings of \$15 a week, or any other given amount, will get the same benefit that workers with the same wage records receive elsewhere. If he earns and contributes more, he will receive more, regardless of the State in which he works.

Coverage of all risks should include all gainfully occupied persons, except that unemployment insurance and temporary disability insurance, at least for the first few weeks of disability, cannot suitably be provided for self-employed persons without a practicable test of their loss of earnings through "unemployment" or in brief periods of disability. Self-employed persons should be immediately included, however, in permanent disability insurance and medical care insurance as well as in old-age and survivors insurance.

Under such a system, there would be a single local office through which workers and employers could learn about their rights and responsibilities under any aspect of the program and at which a worker would make his claim for any form of cash benefit to which he was entitled. Only one wage record need be kept for him, instead of the parallel records now necessarily kept by the Federal Government for old-age and survivors insurance and by the States for unemployment compensation because of differences in law and administration. Only one contribution need be paid on his behalf, and one employer report would give all the information needed for any of these purposes.

At present, an employer whose business extends into all States may have to make as many as 53 Federal and State tax returns in a quarter for old-age and survivors insurance and unemployment compensation alone. Under the dozens of laws which thus might concern him, reporting is further complicated by differences in coverage provisions and interpretations, in tax rates, and required forms and dates for reporting. Such differences between State and Federal law and rulings cause difficulties on a smaller scale for employers who do business within a single State but add appreciably to business costs for small as well as large concerns. They add likewise to the difficulties and costs of public administration, State and Federal.

For employers who do not ordinarily keep wage records or make wage reports, including housewives who employ domestic workers or farmers with hired hands, a stamp-book system could be used to record all social insurance contributions. Reporting by self-employed persons could be geared in with income-tax reporting.

The Board believes that at least a substantial part of the cost of a comprehensive social insurance system should be financed through contributions paid by insured workers and their employers. Because a large proportion of the population would be covered, a Government contribution from general tax funds would eventually be warranted.

A three-way division of costs would make possible equitable and rational assessment of the three types of responsibility for social insurance protection—individual, industrial, and social.

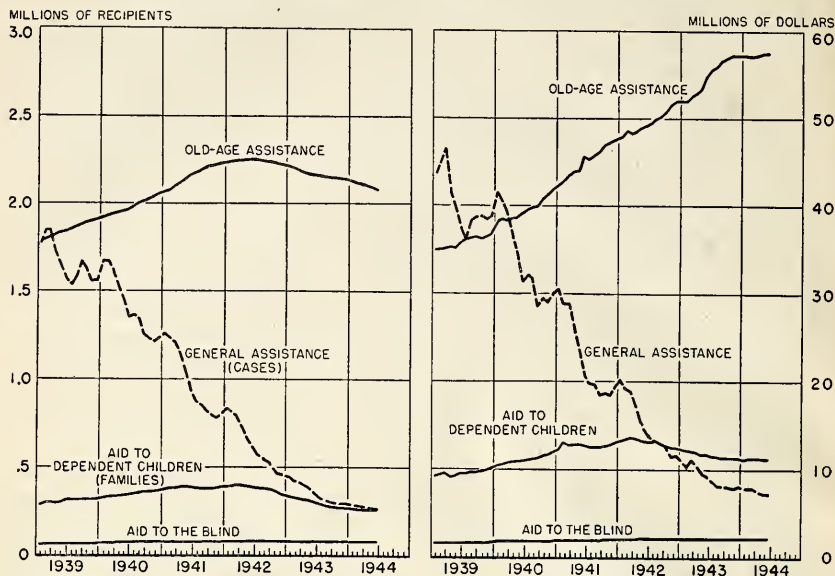
Costs of a comprehensive system must be considered in relation to the circumstances that exist in its absence. Substantially the same costs are present whether or not there is a social insurance system, in loss of earnings in unemployment, old age, or through the disability or death of the wage earner, and in individual expenditures for medical care and hospitalization. When social insurance is lacking, these costs are borne by those who suffer the income loss or face heavy costs of medical and hospital care, and by the public which pays the taxes to support public assistance and social services. Social insurance against these risks merely redistributes over the entire population the large losses incurred by a part of the population: all assume a relatively small cost, and large costs that otherwise would fall on unfortunate individuals are avoided or minimized. Moreover, any new costs that social insurance brings are more than offset by improvements in health and productivity, and by the gain in public morale and freedom from fear.

In proposing that a Government contribution play an important role in the eventual financing of the comprehensive system, the Board is under no illusion that this method of financing shifts a part of the burden to some vague and impersonal entity. It realizes fully that such a contribution means increased levies on general taxpayers—that is, the Nation's population. The Board believes, however, that a part of the payments toward a comprehensive social insurance system should be derived in the manner in which general tax revenues are derived. Among other considerations, this method obtains a portion of the needed revenue from persons with higher income who do not make a substantial payment toward national social insurance so long as revenues are derived wholly from pay-roll taxes. Moreover, under a comprehensive system of social insurance the net burden on public funds would be offset in considerable part by a gradual reduction in the costs of public assistance and of various social services financed by general taxation which must be provided when social insurance is inadequate or lacking.

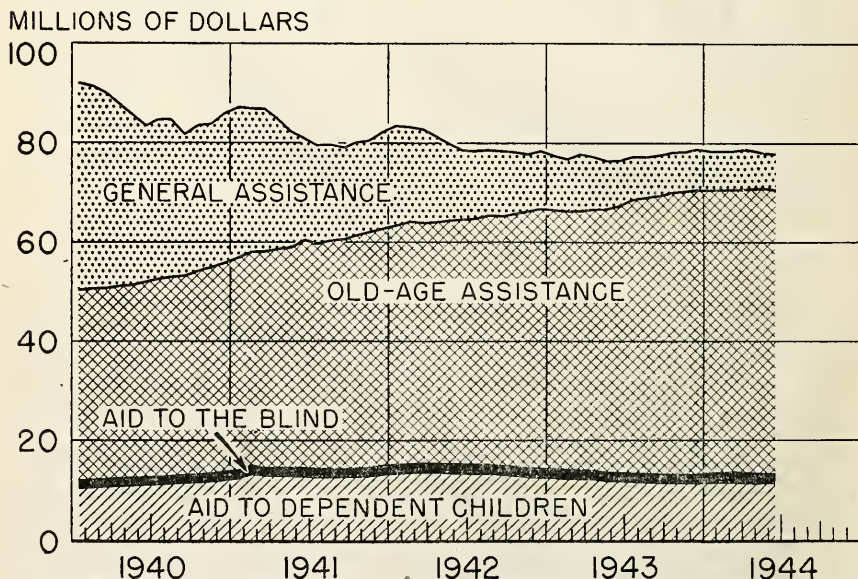
Public Assistance

Abrupt changes in the volume and character of employment and in family incomes and living arrangements will cause special needs for assistance during the transition to peace. Towns have mushroomed in places which cannot support their wartime population when war production falls off or stops. Stranded newcomers may need help in getting to places where there are jobs and in reestablishing themselves. Some boom communities are in areas which have never been able to give any or adequate public aid to needy members of their permanent populations. Even if arrangements for demobilizing industry and the armed forces are generally effective and social in-

Chart 7.—*Recipients and assistance payments under public assistance programs in the continental United States, January 1939–June 1944*¹



*Public assistance payments in the continental United States, January 1940–June 1944*¹



¹ Includes data for programs administered without Federal funds.

insurance provisions are strengthened, the rapid course of events which neither individuals nor nations can control is likely to bring sudden and urgent demands for assistance in some areas.

Throughout the country, moreover, need will continue among the aged, children who lack parental support, the blind, and other groups who made up the more than 3.5 million persons receiving assistance while wartime activity was at its height. Among old people, children, and the handicapped, need will be accentuated by decreases in opportunities for self-support or decline in earnings of other members of the family, or by discontinuance of servicemen's allowances, just as need has been lessened by these factors during the war.

Whatever the effectiveness of social insurance, public assistance is its essential complement in a social security program. Social insurance is necessarily designed to meet the common needs and circumstances of large groups of people. At any time some persons are outside these groups. Within the insured groups, moreover, some persons will suffer a catastrophe or a combination of circumstances so serious that its effect exceeds their personal resources plus their insurance benefits, which must be scaled to amounts that can be financed for all insured persons. Public assistance is needed to complement social insurance for people like these and to provide for persons and for needs not covered by existing social insurance arrangements.

By June 1943 all the Federal emergency programs for public aid instituted in the 1930's had ended, as national defense, then war, opened up opportunities to work. Except for the small war emergency programs discussed later in this report, assistance under the Social Security Act to the needy aged, needy blind, and dependent children was the only form of direct public aid in which the Federal Government participated financially in the fiscal year 1943-44. General assistance, financed wholly by States and localities, was the only other form of direct public aid to needy persons. The past 9 years' experience in the operation of public assistance under the Social Security Act has indicated the need for several important changes in these programs, through Federal or State action or both, and the existence of important areas of need not met through any assistance program. Lack of a comprehensive program of social insurance and the impending uncertainties of the reconversion period accentuate this situation.

The most important deficiencies in assistance programs are due, the Board believes, to the basis of Federal financial participation in State assistance programs and limitations in the scope of this participation. The following pages outline major aspects of these deficiencies.

Basis of Federal Grants to States

Under the Social Security Act, the Federal Government matches, dollar for dollar up to a given amount a month, the assistance payment made to a needy old or blind person or a dependent child under a State plan approved by the Social Security Board. Within the limits on Federal matching, the amount of the Federal grant to the State for any of these assistance programs, therefore, is fixed by the amount provided by the State, or the State and its localities. States differ greatly in income and therefore in potential capacity to finance

adequate assistance programs. In 1943 per capita income ranged from \$1,452 in the high State to \$484 in the State where average income was least. Average income increased in 1943 in all but one State, where it already was high, but the range and ranking remained about the same as in 1942. States with a high level of income can make relatively large appropriations for public assistance and thus qualify for relatively large Federal grants, though the extent of need among their people may be less than it is in States which can afford only small amounts and get only small Federal grants.

Studies of the Board have led to the conclusion that differences in the economic and fiscal capacity of States are the greatest single cause of the even wider variations in levels of assistance. Among States administering public assistance under the Social Security Act, average payments for each of the three special types of assistance in June 1944 were about four times as much in the highest State as in the State where the average was lowest. In general assistance, financed wholly from State and local funds, differences were even greater, and the average in the highest State was more than six times that in the lowest.

The average assistance payment in each State is made up, of course, of differing individual amounts, since the payment to a recipient supplements what resources he himself may have: individual assistance payments under these four programs range from a few dollars a month to—in a very few States—more than \$100 for an occasional recipient in exceptional circumstances. A low average for a State might be due to the fact that the recipients on the rolls needed only small amounts to supplement what they themselves had. Actually, however, the low averages occur almost without exception in States where per capita income and fiscal resources are low. The low averages result, in general, from the meagerness of payments to persons who have little or nothing but their payment. In such States, moreover, some needy persons eligible under the State law may get no aid whatever because funds are lacking.

The Social Security Board reaffirms a recommendation made in earlier reports that special Federal aid for public assistance be provided on an objective basis to States with low economic and fiscal capacity. Such provision is essential if standards of assistance are to be equitable and more nearly adequate in all States. Just as the Board believes that the Federal share should vary with economic capacity of the States, it believes that Federal and State funds should be distributed to localities in relation to their needs and, where the localities participate in financing, also in relation to their financial ability.

Federal Matching Maximums

Other inadequacies in assistance arise from the limitations of the Social Security Act on the extent to which Federal funds may be used to match individual payments. The effect of these matching provisions is especially serious in aid to dependent children. For old-age assistance and aid to the blind, Federal funds may be used for half of payments up to a Federal-State total of \$40 a month; for aid to dependent children, the matching maximum is only \$18 for the first child and \$12 for each additional child aided in the same home, and no separate provision is made for the adult or adults who care for the children. If, for example, a State agency pays \$40 to an aged

person, the Federal Government reimburses \$20. If the agency pays \$40 to a mother who cares for a dependent child, the Federal share is only \$9, though two persons, instead of one, rely on the payment for support.

States may, and many do, pay amounts above Federal matching maximums wholly from their own funds, especially in aid to dependent children. The discrepancy among the three programs in the requirements for Federal matching helps to explain why payments for aid to dependent children are disproportionately low, though States themselves met 63 percent of total assistance costs under this program in the fiscal year 1943-44 as compared with 52 percent for old-age assistance and aid to the blind. By law or administration, however, almost half the States limit all payments under an approved plan for aid to dependent children to amounts which can be shared equally with the Federal Government. Although the Social Security Act was amended in 1939 to permit 50-percent matching of aid to dependent children payments, instead of one-third, the low maximum which will be matched in any case still limits the Federal aid to little more than one-third of the amount spent for this purpose.

The maximums in the Federal act thus hold down assistance for many recipients whose need is great, especially families with only one or two dependent children. Assistance of \$18 a month for a mother and child, or \$30 for a mother and two children, does not give enough to live on unless the family has other resources. Nor is \$40 a month enough for an aged or blind recipient who must share his resources with others in the family, or for a person who is acutely ill.

The Social Security Board recommends that the matching maximums be increased for all three assistance programs. For aid to dependent children, the Board believes, the Federal matching maximums might well be removed entirely. The fact that State funds also are used is a sufficient safeguard against undue liberality.

Increasing the maximums would not, in itself, be effective in improving standards of assistance in the States where payments now are least adequate, since most such States are unable to take full advantage of Federal matching within even the present limits set by the Social Security Act. Coupled with special Federal aid to low-income States, it would be of much value in helping to improve the lot of recipients whose need is greatest.

Other Restrictions in Aid to Dependent Children

Other restrictions in aid to dependent children arise from limitations in the reasons for giving assistance and in requirement of school attendance for older children. Federal funds may be used only for children who have been deprived of parental support or care by the parent's death, incapacity, or continued absence from the home. The Federal Government does not share in aid to children whose need may be equally serious because of the parent's unemployment or underemployment. The Board recommends that matching Federal funds be made available under approved plans for any needy child living in a home maintained as his own, whatever the reason for his need.

Federal funds also may not be used for children aged 16 or 17 unless they are attending school regularly. For some such children appropriate school facilities are lacking; others may be ill and unable to attend school or may lack capacity to profit from continued schooling.

In the many places where assistance is inadequate, an older child may have left school to help support younger children, but the total income of the family may still be less than they need for subsistence. School attendance as a factor in eligibility is not required for children below the age of 16. It seems that need is a sufficiently controlling factor without school attendance as a safeguard against subsidizing employed children. The Board recommends that the Federal act's requirement of school attendance for the older children be removed.

Medical Care

The incidence of sickness is high among persons on the assistance rolls, as among others with low income, and especially among children and the aged. Sickness and disability are themselves the reasons why many have had to ask for assistance. About one-third of the children are accepted for aid to dependent children because of the incapacity of a parent, usually the father, though no specific provision is made for care which might restore these families to economic independence. The vision of a substantial proportion of persons receiving aid to the blind could be improved or conserved by appropriate medical care, and the health and happiness of many aged recipients could be enhanced.

Under the present provisions of the Social Security Act, Federal matching of medical expenses of recipients may be obtained only if such costs are included when determining the amount of the assistance payment. Medical needs are typically irregular and unpredictable and are likely to cause large expenditures in a brief period. Such costs cannot properly be included in a budget providing for regular equal monthly payments. Lack of funds for assistance and the effect of Federal and State maximums also make it difficult or impossible to include sufficient amounts in the monthly payment. Few recipients have access to prepayment plans for medical care, and it is difficult otherwise to utilize Federal funds for such purposes under the present provisions of law, which call for unrestricted money payments to recipients—that is, payments not limited to specified purposes.

Establishment of a comprehensive system of medical care insurance would enable public assistance agencies to insure medical costs and assure care of recipients by paying an appropriate contribution into the insurance fund on their behalf to cover costs of their care. They would then receive care just as other insured persons received it in the community. In the absence of an insurance program, the Board recommends that use of Federal funds be authorized to share costs of medical care for persons on the assistance rolls, under agreements between the State assistance agency, hospitals, and medical practitioners and agencies. Federal reimbursement should be based on costs incurred under all three programs, to permit wider pooling of funds and greater flexibility in their use. Care should be provided for parents of children receiving aid to dependent children, both to help restore the parent's earning capacity and to protect the children.

General Assistance

General assistance is typically the only form of public aid for needy unemployed persons, for persons who have earnings too low for self-support or family support, and for other needy persons and families not eligible for the special types of public assistance. It is typically

the only form of public aid which can be used to supplement payments under assistance programs and to meet particular needs, such as need arising from sickness and disability or from the failure of an individual's social insurance benefits to meet his subsistence requirements. General assistance is provided under State laws and is financed without Federal participation. In about one-fourth of the States, general assistance is wholly financed and administered by the localities without State supervision or other participation. In the country as a whole, it is operated by some 10,000 localities.

Because of the localization of administration and support, general assistance varies far more widely among and within States than the special types of public assistance. In a high-income State, the number of cases receiving general assistance may be 30 times as great, in relation to population, as that in a low-income State where need presumably is more extensive. There are areas in several States where no general assistance is provided. Moreover, chiefly because of insufficient funds, general assistance agencies often have excluded whole groups from eligibility, such as all families with an employable member, whether or not employed; all families receiving any other form of aid, even though insufficient; all aliens; and so on. In general, provisions for general assistance are more nearly satisfactory and payments are higher in cities than in rural areas.

Doubtless because of its traditionally local development and the large financial responsibility borne by local funds, general assistance is further hemmed in by the network of settlement laws which are very costly to administer and are anachronisms in the mobility of present-day living. The length of residence required for legal settlement varies from place to place, and settlement may differ among members of a family. On the other hand, a family may not be able to prove its settlement status because it depends on the status of the parent or spouse who is away from home. It is not uncommon for people who have moved about to find they are without settlement in any State or locality.

During the reconversion to peace, many marginal workers and supplementary workers will be crowded out of jobs, often with only minimum rights or no rights to unemployment benefits. Other families, whose workers lose their jobs to returning veterans with prior rights or because the plant shuts down, will be without earnings for at least a time and often will have to incur unusual expenses to move to other places. The flexibility of a comprehensive and adequate program of general assistance with no eligibility condition except need will be required to ease the strain of changes which will affect all parts of the country. It is needed, moreover, during ordinary periods to cope with the strains which at any time fall on some members of the population.

The Social Security Board recommends that Federal funds be made available to States to share costs of general assistance.

State Requirements

The Social Security Act establishes only very general conditions with which a State assistance program must conform if the State is to receive a Federal grant for assistance. Within these conditions, States themselves determine who shall receive assistance and in what amounts. States differ widely, in accordance with their traditions,

policies, and resources, in requirements governing eligibility for assistance, such as residence or citizenship requirements, and in methods of determining need and establishing the amount of the assistance payment.

As a result of legislative and administrative restrictions in State programs, many States fail to take full advantage of the availability of Federal funds for needy persons who could be aided under the special types of assistance. Some of these people may be receiving another form of public support, such as general assistance; others lack any public aid. Through its regional staff and in special communications, the Board has recommended that all States follow, insofar as their resources permit, the example of some States which already have abolished residence, citizenship, or other eligibility restrictions, or have removed maximum limits on assistance payments or modified other unduly restrictive provisions of their programs.

The grants to States for assistance programs represent Federal assumption of very substantial responsibility for assuring aid to needy persons in all parts of the United States. The purpose of the Social Security Act, as stated in its preamble, includes "To provide for the general welfare . . . by enabling the several States to make more adequate provision for aged persons, blind persons, dependent and crippled children . . ." It is a matter of grave concern that, after nearly 9 years of operation, the conditions under which aid is actually available to a needy person and the amount he receives should still differ so widely in various parts of the country. In part these differences arise from eligibility conditions which determine which groups of persons are aided under a State program; in part, from methods used in determining the individual's need and the amount of his payment; and in large part, from the availability of funds.

The amount of the payment commonly is considered to be the difference between the cost of the basic subsistence requirements recognized by the assistance agency and the amount of any resources the applicant himself may have—such as contributions from relatives, an insurance policy, title to his home, and so on. State provisions and practice differ greatly in evaluating requirements and resources. In some places the amount of assistance determined for a recipient recognizes his needs for only some essentials, such as food and shelter; elsewhere it may also reflect his requirements for such other necessities as clothing, replacement of household furnishings, and medical costs. When funds are insufficient, some States pay only part of the amount they determine as necessary to meet the applicant's need. Even in 1943-44, when State and local fiscal resources were at record levels, there were States in which recipients under one or more of the assistance programs received only half the amounts determined by the State agency to be necessary for their subsistence.

In an earlier report, the Board cited a study reported by a State welfare agency which still is equally applicable as an illustration of the effect of such differences. The State agency received replies from locally administered agencies or local offices of State-administered agencies in 44 other States and the District of Columbia in answer to questions on the action those agencies would have taken on the application of an old man whose circumstances were described in detail. In 15 States and the District of Columbia, he would have

been held ineligible for old-age assistance; in 20 States, eligible; and in 9, eligible in some localities and ineligible in others. The amounts of the assistance which the agencies would have given him ranged from \$1 to \$37 a month. The Federal Government was granting funds for old-age assistance to all those 45 States. Yet the opportunity of this old man to benefit from the aid provided by Congress under the act, and his share in that amount, depended on the State in which he applied for aid and even on the particular community within a State.

The Board believes that it is feasible for all States to eliminate at least some of the undue restrictions in their programs for the special types of assistance and general assistance, and that it is to the interest of both the State and the Nation that they should do so now. The impending post-war changes foreshadow needs for such action. Population shifts, in particular, will increase the hardships—and often undue public costs—which arise from residence requirements in general assistance and in the special types of public assistance. An old man or woman, for example, may be able to cut down need for assistance by going to another State to live with a married daughter who can offer houseroom but not total support. Old people may want to move across State lines from cities to the farm or village where they grew up and where they can live more cheaply. If residence requirements were reduced to a minimum or eliminated, in-and-out migration of persons who were receiving or might apply for assistance would cancel out in many States, with little change and possibly reduction in State costs. It has been argued that lowering or removing residence requirements in States with relatively high assistance payments would cause an influx of applicants from States where payments are lower, though there is no evidence that such an influx would occur.

Such arguments and objections to removing other undue restrictions on the assistance actually available to needy persons would lose their force if special Federal aid were available to enable low-income States to finance aid comparable to that provided in more fortunate areas. Extension of public assistance programs to all needy persons would be further facilitated in all States if the Federal Government shared costs of general assistance, which are now wholly the responsibility of States and localities.

The Social Security Board believes that the assumption of additional Federal responsibility for assistance should be conditioned on removal of State residence requirements and adoption of principles to ensure that, within a State, needy persons in similar circumstances will receive assistance on a similar basis and that their assistance will meet their full need as determined by the State.

Interrelationships of Assistance Programs

Effectiveness and economy in the operation of assistance programs would be furthered by unifying administration of assistance to all groups within a State, whether or not separate programs were maintained for special groups, such as the aged, blind, and children. The Social Security Act requires that one State agency administer or supervise the administration of an approved plan, but does not require that all plans be administered or supervised by the same State agency.

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Only a few States continue to maintain independent administration of the special types of assistance, though additional States and numerous localities administer general assistance through an agency other than that responsible for the special types.

Unification of the administration of public assistance would leave the States free, as at present, to decide what classes of needy persons would receive assistance and to maintain or abolish existing categories of assistance. It would permit coordinated administrative and financial planning to achieve better balance in provisions for meeting need and greater equity to different groups and in different areas within a State. Administrative, supervisory, and technical personnel could serve all programs, instead of one or two, and corresponding economies could be made in office space, travel, and equipment. Even more important, better service could be given to needy persons if there were one agency in the community to which they could apply and from which they could receive, when eligible, the aid best fitted to their needs.

The Board believes that both State and local administration of State programs for general assistance and the three programs now included in the Social Security Act should be unified.

Social Security and the Future

The next decade will be critical in the history of the United States. Action taken in coming months may affect the well-being of a generation or more.

During the catastrophe of depression, this country established the social security program as a way of enabling millions of wage earners to build greater future security for themselves and of assuring subsistence for some persons in need. This foundation will be of great value in the years in which the country is regaining a peacetime balance. Its value is limited, however, by the fact that so large a part of the population still has no access to the forms of protection which the Social Security Act now provides, and that the program does not yet encompass all the commonly needed defenses against interruption or loss of earnings or lack of the means of subsistence.

Substantially all families in the United States stand to gain by the pooling, through social insurance, of the costs and losses they now bear because of sickness and disability. The Board's recommendations for disability insurance, medical care insurance, and medical care for persons on assistance rolls are of particular importance, moreover, for low-income families, among whom incapacity is greatest and costs are relatively heaviest. The improvement in general levels of health and vigor which could be effected through this redistribution of economic burdens is essential to the future security of the Nation.

Farm people in the United States face the future with far less protection from organized measures for social security than any other major segment of our population. Standards of assistance, especially general assistance, are characteristically lower in rural States and communities than elsewhere, and health resources are inadequate in many rural areas. In Selective Service examinations, boys classified as "farmers" had a higher rejection rate for physical incapacity than any other occupational group. Work accidents are common on farms, yet farm workers are seldom covered by workmen's compensation laws. Nor do farm families, despite their relatively low income levels,

have the protection of old-age and survivors insurance or unemployment insurance.

During the war, domestic workers have flocked into shops, factories, and offices. Many have had their first chance to earn adequately and to share in social insurance and other public measures which commonly protect other wage earners. No group is in greater need of insurance protection in old age, unemployment, and disability, or of protection of their survivors. Apartment dwellers in cities and managers of mechanized farms cannot go back to the older traditions under which the misfortunes of the hired girl and the hired man were a responsibility of the families with whom they lived. Peace will have a bitter connotation to returning domestic workers, as to the workers going back to farms, if again they find themselves in a no man's land of labor where older forms of family security have been lost and the forms essential to an industrial civilization have not yet been gained.

The war has reemphasized the genius of the American people in mechanizing industry and increasing industrial productivity. Our hope for future "full employment" rests in considerable measure on increasing use of persons in service occupations and the professions—for example, the teachers, doctors, and nurses actually needed to give adequate service to all our people. These growing occupational areas comprise many groups of persons who are excluded from the social security program because they are self-employed or are working for a nonprofit organization, such as a hospital, college, or church. Such other forms of protection as are open to self-employed persons and nonprofit employees are spotty and limited and characteristically exclude the persons with the smallest and most irregular earnings. The impending shifts in our economy, which will bring an increasing proportion of the labor force into these areas, as well as present needs of individuals in the groups, point to the shortcomings of the present provisions.

Extension of social insurance coverage to the areas of work now excluded would also greatly strengthen the social insurance protection of workers who shift between covered and noncovered employment and now can qualify for only meager benefits, if any.

It is not too late to remedy gaps and deficiencies in the social security program, but the time is short. In just such years as now confront us, a comprehensive and adequate program of social security would help maintain the private purchasing power and public confidence to which business must look while we are rebuilding our peacetime economy. Success in that rebuilding and durable assurance of the economic independence of American families depend in no small measure on the action taken now.

Most of the recommendations made by the Social Security Board in this report could be acted upon independently, irrespective of action on others. Some lie wholly within the realm of State action; some would require Federal legislation; and still others, change in both State and Federal law. All, however, are parts of a common design in which each has its full value only through interrelation with the others. All serve a single objective—to use every feasible means of assuring a basic minimum security on which, through individual initiative, families and the Nation can build to secure economic independence.

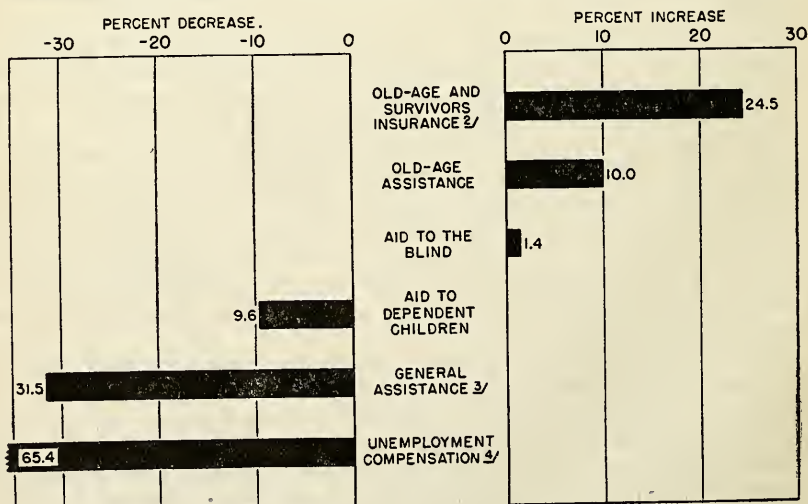
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Social Security Operations in 1943-44

IN THE FISCAL YEAR 1943-44, an average of more than 760,000 persons were receiving monthly old-age and survivors insurance benefits under the Social Security Act because of the retirement or death of the family breadwinner. An average of 82,000 persons a week received unemployment benefits under State laws because they lacked jobs during dislocations in production or for other reasons. Some 3.5 million persons, on the average, had no income or so little income that State assistance agencies granted them old-age assistance, aid to dependent children, aid to the blind, or general assistance—nearly all of which included Federal funds under the Social Security Act. Federal, State, and local expenditures for these insurance benefits and assistance payments to the needy totaled about \$1.2 billion for the year and averaged \$98.7 million a month.

Of the payments in the fiscal year 1943-44, 21 percent came from insurance funds established under the Social Security Act to protect industrial and commercial workers against the financial risks of old age, death, and unemployment, and financed through regular pay-roll contributions of covered workers and their employers. About 71 percent was paid from Federal, State, and local funds appropriated for special types of public assistance. The remaining 8 percent was met from State and local funds—without Federal participation—for general assistance.

Chart 8.—Percentage change in total benefit or assistance payments under old age and survivors insurance, unemployment compensation, and public assistance programs,¹ fiscal year 1943-44 compared with 1942-43



¹ Includes programs administered without Federal funds.

² Monthly payments certified.

³ Continental United States only.

⁴ Under State unemployment compensation laws.

Old-Age and Survivors Insurance

The Federal old-age and survivors insurance system is the most comprehensive of these programs. By the middle of the fiscal year 1943-44, some 66 million living persons had earned wage credits under this system, though only slightly more than half had worked long or steadily enough in covered employment to have the insured status which would make them or their survivors eligible for benefits in the event of retirement or death. By June 30, 1944, 998,000 persons had qualified for monthly retirement or survivor benefits amounting to more than \$18 billion a month. In 1943, approximately 48 million workers earned wage credits in employments covered by the program. Workers and their employers paid nearly \$1,300 million as contributions on taxable pay rolls of \$65,800 million in 1943-44. Benefits certified during the fiscal year and lump-sum death payments totaled more than \$192 million. The old-age and survivors insurance trust fund, to which amounts equal to the contributions of workers and employers are appropriated, had a balance of \$5,446 million on June 30, 1944, to meet the liabilities for continuing payments to current beneficiaries and the much greater obligations for future benefits.

Beneficiaries and Their Benefits

Benefit payments.—The \$173.3 million certified in monthly benefits in 1943-44 represents an increase of 25 percent over 1942-43 and 70 percent over 1941-42. Retired workers and their aged wives and young children received \$106.8 million in monthly benefits, while survivors received \$66.5 million in monthly benefits and \$19.2 million in lump-sum death payments.

Benefit awards.—In the calendar year 1943 nearly 86,000 children, mainly survivors of deceased insured workers, received new benefit awards amounting to more than \$1 million a month. In addition, their widowed mothers (35,000) became entitled to receive \$705,000 a month while they had such children in their care. Survivor benefits have become an increasing proportion of benefit awards—approximately 52 percent of the total in 1943 as contrasted with about 47 percent in 1942 and only 42 percent in 1941. This type of protection, which is meager or lacking in nearly all other public retirement systems, resulted in 1943 in an average award of \$34.41 per month to a widow with one child entitled to benefits; for widows with two entitled children, the average was \$47.41; and for widows with three entitled children, \$50.45.

In 1943, benefits were awarded to nearly 142,000 persons aged 65 or over, as follows: more than 89,000 primary beneficiaries, with an average of \$24.50 a month; about 32,000 wives, with \$12.83; nearly 20,000 aged widows, with \$20.11; and more than 1,000 aged parents, with \$13.34. The average retirement benefit awarded to an aged worker and entitled wife was \$39.01.

Beneficiaries on the benefit rolls.—Both the number of beneficiaries on the rolls and the amount of their benefits rose more than 25 percent from June 1943 to June 1944, to 998,000 persons and \$18 billion a month in benefits. The rise will continue as more and more persons become insured and as wartime activity declines and aged insured workers give up or lose covered jobs. Only about 85 percent of the persons on the rolls are actually in current-payment status. On June

30, 1944, for example, about 152,000 beneficiaries were foregoing benefits while they were at work in covered employment or temporarily failed to meet some condition of the act required for receipt of benefits, such as school attendance for child beneficiaries aged 16 or 17. Some 650,000 additional aged wage earners who could have been entitled to benefits at that time had not filed claims.

Benefits amounting to \$2.8 million a month were withheld for 123,000 beneficiaries on the rolls on June 30, 1944, because they were earning \$15 or more a month in covered employment, and for an additional 20,000 because the person on whose wage record the benefit was based had such earnings. A child's failure to attend school regularly, when such attendance was considered feasible, caused suspension of benefits for about 5,000 otherwise entitled children aged 16 and 17 years.

Of the 846,000 beneficiaries receiving payments in June, some 500,000 were aged 65 or over. Their benefits amounted to \$10.5 million a month. In addition, nearly 80,000 widows caring for child beneficiaries of deceased insured workers received \$1.6 million, or an average of \$19.81 per month, while child beneficiaries—mainly children of deceased workers—numbered nearly 262,000 and received \$3.2 million, or an average of \$12.35 per child per month.

Appeals and Decisions

During the fiscal year the Board received 831 appeals from its determinations on benefit claims and wage records, and 273 appeals were carried over from the preceding year. Hearings were completed on 744 such appeals and decisions handed down on 840. At the close of the year 264 appeals were pending.

Among the important administrative actions taken during the fiscal year were: revision of regulations to permit payment of lump sums to State and local governments as reimbursement for burial expenses of wage earners who died leaving no relatives in the class eligible to receive monthly benefits or a lump-sum payment; and a decision to reopen and revise benefit determinations to the detriment of claimants only in cases of fraud, misrepresentation, or clear error, unless the time for appeal has not expired.

During the year, six persons were indicted for violating the penal provisions of the act. Of these six, three were convicted, two acquitted, and one is awaiting trial.

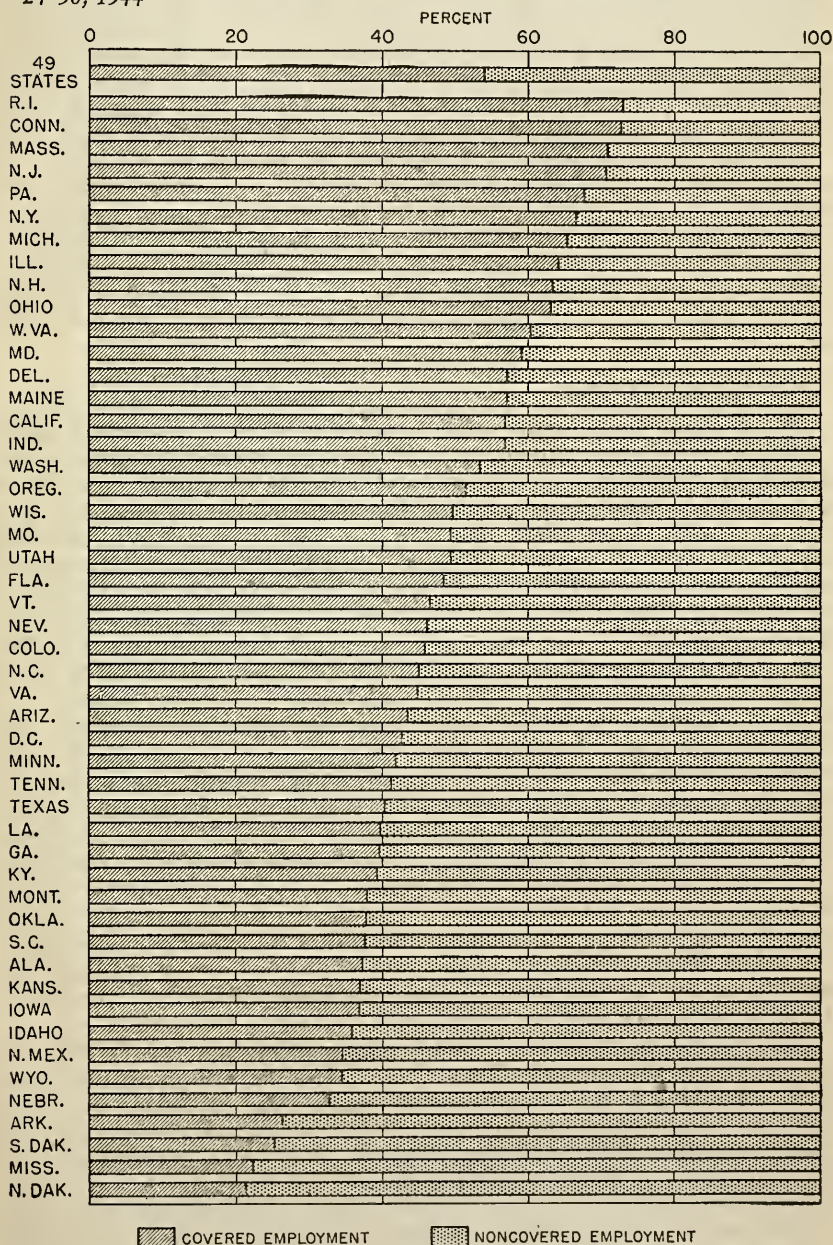
Workers and Their Wage Credits

Each year since 1938, when there was a slight decline, the number of workers earning wage credits has increased. In 1943, some 48 million workers received nearly \$63 billion in wages which could be credited to their social security accounts. The average annual taxable wage per worker has risen from \$883 in 1938 to \$1,310 in 1943, as a result of higher wage rates, overtime pay, and steadier work.

In 1942, the last year for which data have been analyzed, the average wage of workers who had wage credits in each of the 4 quarters of the year was \$1,678, as compared with only \$369 for workers with wage credits in less than 4 quarters. In 1942, however, only a little more than half the workers (57 percent) had taxable wages in 4 quarters. Many left covered jobs to enter the armed forces or Federal civilian service. Their places were taken by farm workers, housewives, domestic workers, high-school and college students, and self-

employed persons. Of the nearly 47 million workers with wage credits in 1942, slightly more than one-sixth were new entrants—that is, 1942 was their first year in covered employment. In 1940 new entrants

Chart 9.—*Estimated percent of employed labor force in employment covered by old-age and survivors insurance and in noncovered employment, by State, March 24-30, 1944*¹



¹ See *Social Security Bulletin*, Vol. 7, No. 8 (August 1944), p. 9, table 2.

represented only about one-eighth of the total, and in 1941, a little less than one-sixth.

Applicants for Account Numbers

In the fiscal year 1943-44, about 5.8 million new accounts were established for workers who were entering or expected to enter the covered labor force. Some 3.9 million, or three-fifths, were for women, many of whom may leave gainful work within a few years to manage their household affairs. By the end of the year, it is estimated, 67 percent of the total population aged 14 years and over held social security accounts. In each quarter, women outnumbered men, and as of June 30, women account holders represented 53 percent of all girls and women aged 14 or over and were 39 percent of the total number of persons holding accounts. With the greater employment opportunities for Negroes in wartime, this racial group also has formed an increasing percentage of applicants for account numbers. As compared with 1942-43, applications of boys and men declined at all ages except under 15 years, chiefly because so many men already held accounts.

Financing the Program

Workers in covered employment contribute 1 percent of their earnings in covered employment up to \$3,000 a year; their employers contribute 1 percent of taxable pay roll. (The scheduled increase to 2 percent for 1944 was postponed for another year by congressional action, Public Laws Nos. 211 and 235, 78th Congress.) Amounts equivalent to contributions collected are deposited in the old-age and survivors insurance trust fund, which has been growing rapidly—from \$267 million at the end of the fiscal year 1936-37 to \$5,446 million by June 30, 1944. The balance in the trust fund totaled about \$80 per worker with wage credits under the program and about twice as much per worker fully or currently insured.

The trust fund represents assets accumulated to meet current and future obligations. In terms of beneficiaries now on the rolls and the increasing numbers who will receive benefit awards, the protection afforded by small contributions is often very large. In the not unusual case of one deceased worker, contributions of \$145 from the employee and an equal amount from his employers have resulted in payments of \$58.49 a month to his widow and two children. The family's benefits may continue at this rate for 14 years until the older child reaches age 18, then at \$41.78 a month for the widow and younger child until the latter reaches age 18. If the widow has not remarried, she will be eligible for benefits of \$25.07 a month from age 65 until her death. In all, this family may receive \$15,000.

All financial operations of the system recorded increases in 1943-44. Contributions collected rose 14 percent. The percentage increase was about half that in the preceding year because the expansion of industrial and commercial employment slowed down. Moreover, because of higher wages and steadier employment, more workers received earnings in excess of \$3,000; only the first \$3,000 in a year is taxable to the worker, and an employer pays on no more than \$3,000 for a given employee in a year. Interest on the trust fund investments amounted to \$103 million in 1943-44 as compared with \$87 million a year earlier, an increase of a little less than 20 percent. Expenditures from the

fund rose to \$185 million for monthly benefits and lump-sum payments and to \$33 million for administration, increases from 1942-43 of 24 and 19 percent, respectively. In each of those years the combined expense of the Social Security Board and Treasury Department in administering the system was less than 50 cents per worker with wage credits. The Board's cost for maintaining a worker's wage record was 17 cents, as compared with 18 cents in 1942-43—a difference which would have been even greater if overtime staff services had been compensated throughout the earlier year. In 1943-44, total expenditures of the Social Security Board and the Treasury Department for administering this program represented only 2.5 percent of the contributions collected.

At the end of June 1944, the old-age and survivors insurance trust fund held investments of \$5,409 million, of which \$4,386 million was in special Treasury notes, \$643 million in 2½-percent publicly offered Treasury bonds, and \$380 million in special certificates of indebtedness. The rate of interest on fund holdings was 2.195 percent on June 30, 1944, as compared with 2.258 percent a year earlier.

Unemployment Insurance

The striking results of full employment on the State unemployment compensation systems can be measured, as in old-age and survivors insurance, by increases in workers with wage credits, in contributions collected on wages in covered employment, and in trust fund assets to meet future obligations. Unemployment, and particularly unemployment compensable under State laws, had shrunk to such small proportions that 1943-44 totals for initial claims, number of different beneficiaries, weeks compensated, and benefits paid were less than half the totals for the previous year and read like fiscal-year figures for New York State or California alone before the defense program began.

In 1943-44, about 1.5 million initial claims for benefits were filed; slightly more than half a million workers received benefit payments amounting to about \$61.0 million for 4.4 million weeks of compensated unemployment, or an average of about 8.3 weeks per beneficiary. On the average, each beneficiary received about \$115, or somewhat less than \$14 a week in benefits. California, Illinois, and New York combined, with less than a third of the workers with 1943 wage credits, paid almost half the beneficiaries in the fiscal year and about 43 percent of the total amount of benefits. The average number of weeks compensated per beneficiary was 10.0 in California, 8.5 in New York, and 6.6 in Illinois.

Fiscal-year collections of unemployment compensation contributions under the 51 State laws amounted to \$1,353 million, about 11 percent more than in the year preceding. Because of the general drop in benefit expenditures, benefits represented only 4.5 percent of contributions, less than a third the ratio in 1942-43; in 1939-40, the last fiscal year unaffected by war influences, benefits were 56.5 percent of current collections. Funds available for benefits on June 30, 1944, amounted to nearly \$5.4 billion, or about \$120 per worker with wage credits in 1943. On a Nation-wide basis, therefore, funds available for benefits would finance payments for all covered workers at the average benefit rate and duration in the fiscal year 1943-44. States differ widely, however, in nearly all factors which control relative income, expenditures, and resources for unemployment insur-

ance. The fact that some employers in 41 States—taking credit for wartime reductions in unemployment—paid contributions at reduced rates under the experience-rating provisions of State laws, reduced total collections in 1943-44 by about \$484 million from what would have been collected under the normal 2.7-percent rate. On the other hand, special war-risk contributions collected in 10 States served to augment collections by about \$53 million.

Claims and Benefits

Generalizations on developments in State unemployment compensation programs in the fiscal year 1943-44 need many qualifications. No two State unemployment compensation laws are identical, and employment conditions likewise differed. One State (Wyoming) paid no benefits in September 1943 and had only 33 different beneficiaries in the fiscal year. Although the number of beneficiaries was less than in 1942-43 in every State, the drop was only 2 percent in the District of Columbia and 15 percent in Alaska, as compared with more than 75 percent in such widely scattered and diverse States as New Mexico, Wyoming, and Delaware. Though percentage differences between operations in the 2 years were very large in some States, the significance was limited because all actual figures were relatively small.

Claims for benefits.—For the country as a whole, initial claims for benefits filed in June were nearly 35 percent fewer than in June 1943. The national average, however, masks differences among the States ranging from an increase of 82 percent in Michigan to a decline of 80 percent in Maryland. Initial claims filed in a month approximate the number of workers who become unemployed and believe themselves entitled to benefits; some who file will be found ineligible, and some will get new jobs during their waiting period before benefits are payable. The number filed in a month is affected not only by loss of jobs but also by administrative factors, such as the beginning of a new benefit year under the State law. Continued claims, which reflect both waiting-period weeks and weeks of compensable unemployment, were nearly 29 percent fewer in June 1944 than in June 1943. States differed widely; the number of continued claims more than doubled in Alaska, Connecticut, and Michigan, and declined 74 percent in Georgia.

Interstate claims and benefits have increased in proportion to the total as compared with previous years, for many workers have left the States in which they had acquired benefit rights to take work in another State where later they became unemployed and filed their claims. The volume of these claims will probably increase greatly when workers laid off from war plants return to the States in which they have home ties.

The Board was increasingly concerned during the year over the number and severity of disqualifications imposed by States which deny or curtail benefits to workers who leave jobs for compelling personal reasons, such as the need to move to another locality beyond commuting distance from their former work or inability to continue on a night shift because of responsibilities for young children. The increasing harshness of disqualifications imposed in some States has tended to warp the basic principle of unemployment insurance. The fact that a worker is unemployed through no wish or fault of his own

and is seeking a job—the accepted basis for unemployment insurance—is often held insufficient ground for paying him the benefits to which he would be entitled on the basis of his past employment and earnings: proof is required increasingly that his unemployment is due to the employer or the job, rather than to personal or family grounds outside his control. In States which have reported statistics on disqualifications, the number represents a substantial, and in some States very large, proportion of all new claims allowed. The accompanying increase in the severity of penalties imposed on disqualified workers is discussed earlier in this report. By the end of the fiscal year, 28 States canceled part or all of the wage credits of workers who were disqualified for voluntary quit, misconduct, or refusal of suitable work. In contrast, only 6 of the original State laws provided for cancelation of benefit rights; the remainder merely postponed payment of benefits. Only 7 of the original State systems, as compared with 20 at present, required proof that unemployment was due to the employer or the job.

Beneficiaries.—The average weekly number of beneficiaries in the fiscal year was 82,000, as compared with 269,000 in the year preceding and 803,000 in 1940–41. In this, as in all other respects, changes for the year differed greatly among the States. In the country as a whole, the benefit roll was at its fiscal-year peak (112,000) in March 1944 and at its lowest point in November 1943, when the average weekly number of beneficiaries was just half as much—56,000, the record low. State studies during the war have shown that persons on the unemployment benefit rolls include, as would be expected, a disproportionately large number of women, older men, and handicapped persons. These groups comprise many inexperienced persons and others who are the first to be laid off when operations are cut down and the last to get a new job.

The number of new workers and of very young and old persons who have been drawn into the wartime labor force also explains why unemployment benefits compensated a smaller proportion of all unemployment than in earlier years. During the months of the fiscal year, beneficiaries represented from 6 to 13 percent of the estimated total number of unemployed persons. Some of the unemployed were youngsters just out of school and looking for their first jobs; others, housewives or others who worked only intermittently. Such persons generally lacked the prior employment and earnings necessary to qualify them for benefits. So also did workers who regularly depend on earnings but whose former jobs had been in farming, domestic service, or other noncovered employment; many of these workers had had too brief a time in covered jobs to gain the wage credits required under the State unemployment compensation law. Wartime factors thus explain the lack of insurance protection for some unemployed persons. Even in ordinary times, however, the coverage restrictions and other provisions of the State laws result in the fact that a large proportion of the unemployment incurred by workers over a year carries no benefits under the State systems or any other form of unemployment insurance.

The number of workers with wage credits under State laws was 3.5 percent higher in 1943 than in 1942; the change ranged from an increase of 14 percent in Louisiana to a drop of 24 percent in Idaho. Moreover, while the amount of all wage and salary payments in the

United States was 26 percent higher in 1943 than in 1942, the proportion covered by State unemployment compensation laws declined from 69 percent to 65 percent. This shrinkage is due to the increasing proportion of the total attributable to Federal pay rolls, including pay of the armed forces.

Weeks of unemployment compensated.—The duration of compensable unemployment depends both on the availability of new jobs when workers become unemployed and on the duration of benefits for which they qualify individually. The average of 8.3 weeks per beneficiary for the United States as a whole in 1943-44 covers a range in State averages from 11.7 in Nevada to 4.9 in Connecticut among the 49 States for which this ratio can be computed. In 1939-40, the last year unaffected by war factors, about half the beneficiaries exhausted their rights to insurance before they found new jobs. The number of cases in which workers exhausted benefit rights in 1943-44 ranged from 55 percent in Texas to 7 percent in the State of Washington.

Benefit payments.—The total of \$61.0 million in benefit payments under State unemployment compensation laws in 1943-44 was only about a third of the amount for the preceding fiscal year and less than a sixth of that for 1941-42. Among the States, the declines from 1942-43 ranged from about 85 percent in New Mexico to less than 2 percent in the District of Columbia. The national average payment was \$14.96 per week of total unemployment compensable for the year, as compared with \$13.08 in 1942-43; it rose from \$13.80 in July 1943 to \$16.07 in June 1944. The average payment for January-June 1944 for total unemployment ranged from \$19.68 in Hawaii to \$7.19 in North Carolina.

In 1943-44, benefit expenditures in only four States (Arkansas, Kansas, Rhode Island, Tennessee) exceeded the interest paid on the State's account in the Federal unemployment trust fund. The fact that all States could substantially increase their holdings and that only four needed to draw on contributions collected from employers during the period reflects many interrelated factors besides the high levels of employment attributable mainly to Federal contracts for war matériel. Of the 51 jurisdictions, 2 pay benefits for no more than 14 weeks to any eligible worker, and only 15 pay uniform duration of benefits to all eligible workers; 2 have no specified minimum benefit amount for total unemployment and may pay as little as \$3 a week, or even less, to some totally unemployed workers; only 1 pays as much as \$22 a week to any worker; and 26 place the maximum at \$15 or \$16. Only the District of Columbia law adjusts benefits for dependents.

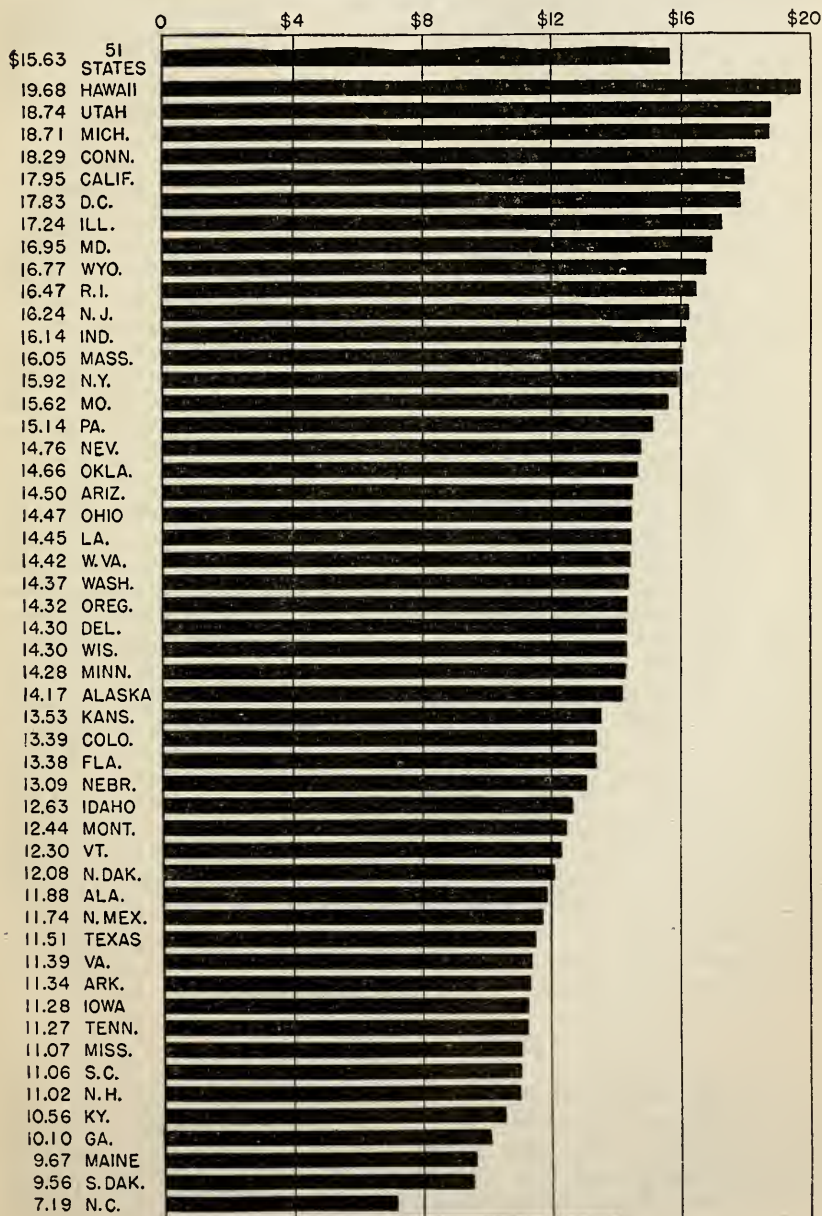
Financing the Program

The unemployment trust fund at the end of June 1944 held more than \$5,380 million to the credit of State unemployment compensation systems, as compared with \$4,003 million a year earlier. In the fiscal year, State deposits totaled \$1,350 million and withdrawals for benefit payments, \$60 million. Federal interest on State balances amounted to \$89 million. The average rate of interest on investments held on June 30, 1944, was 1.903 percent, as compared with 1.891 percent a year earlier. Funds available for benefits as of June 30, 1944, totaled \$5,389 million, including amounts in State clearing accounts and benefit-payment accounts as well as deposits in the trust fund.

Funds available for benefits represented relatively very different

amounts for different States, according to the time when the State system began operation, the effective rates of contributions in States where experience-rating provisions are in effect, benefit provisions under State unemployment compensation laws, and the course of unemployment within the State over the whole period of operation of the system. As of June 30, 1944, the reserve in New Jersey represented

Chart 10.—Average weekly benefit for total unemployment, by State, January-June 1944



\$181 per worker with 1943 wage credits; at the other end of the range, Mississippi had about \$50 per worker with 1943 wage credits. Federal provision of unemployment allowances for veterans has very considerably lightened actual or potential obligations on State funds. The continued accumulation of reserves despite the lowering of the average contribution rate through experience rating seems clear assurance that States can afford to make needed changes in benefit provisions, particularly by extending duration of benefits and providing uniform duration for all eligible workers.

Collections under the Federal Unemployment Tax Act amounted to \$180 million in 1943-44, an increase of 14 percent over 1942-43. The Federal tax provides an indirect source of funds to meet the costs of administering State unemployment compensation systems, through grants to States under title III of the Social Security Act.

In 1943-44 the cost of unemployment compensation administration in the States, which is borne entirely from Federal funds, amounted to approximately \$44.2 million, exclusive of postage. This amount was nearly \$1.6 million less than corresponding costs in the preceding year. To some extent administrative costs can be reduced with decline in the volume of operations. The administrative structure and many operations must be maintained, however, even when unemployment is at a minimum. Nevertheless, further simplifications can be made in the provisions of State laws to reduce administrative costs and also to assure more prompt payment of benefits and better understanding of the program by employers, workers, and the general public.

As a result of differences in State laws and operating procedure, and also of the great differences among the States in concentration of population and extent of industrialization, the relative costs of administering State unemployment compensation systems differ greatly. In 1943, for example, the ratio of State administrative expenditures to State contributions for unemployment compensation was more than six times as great in some States as in others. Over the whole period of operation of the Federal-State system, some States could not have met their administrative costs from the part of the Federal unemployment tax which must be paid to the Federal Government by employers in that State—that is, from the 0.3 percent of taxable pay roll against which employers cannot offset their contributions to the State system. In other States, such an amount would have been more than enough. By the end of the fiscal year, cumulative Federal collections under the Federal Unemployment Tax Act, which are covered into the general fund of the Treasury, exceeded the cumulative amount which the Federal Government had paid to States for administering unemployment insurance by some \$500 million. If provision is made for reinsuring State reserves for benefits—pooling State risks of benefit costs as administrative costs already have been pooled—this sum might well be considered as the basis for the reinsurance fund.

Public Assistance

In all the years from 1933 to 1943, the Federal Government made very large expenditures for aid to needy persons through work programs and other emergency measures for public aid to counter the double catastrophe of that decade—depression and drought. Lack of work then was also the largest single cause of the large expenditures

of States and localities for general assistance. By June 1943 all the Federal emergency programs had been terminated and general assistance had been greatly reduced, as national defense, then war, opened up job opportunities. Throughout the fiscal year 1943-44 the three assistance programs under the Social Security Act were the only substantial programs of direct public aid in which the Federal Government participated financially. When public aid was at its peak, these special types of assistance represented only about 15 percent of all public aid; in 1943-44 they accounted for nearly 90 percent. The difference between those two percentages and the decline in total public aid from the peak figure of nearly \$3.5 billion a year to less than \$1 billion in 1943-44 give a general picture of the extent to which work opportunities and other wartime factors had liquidated dependency caused by lack of work.

At the end of the fiscal year 1943-44, all 51 jurisdictions eligible to participate under the Social Security Act—the 48 States, Alaska, Hawaii, and the District of Columbia—were administering old-age assistance under plans approved by the Social Security Board. All but Alaska and Nevada had such plans for aid to dependent children, and all but 5—Alaska, Delaware, Missouri, Nevada, and Pennsylvania—for aid to the blind. Of the jurisdictions not collaborating in State-Federal assistance under the act, Missouri, Nevada, and Pennsylvania were administering aid to the blind under State laws alone, and Alaska and Nevada had such provisions for dependent children. Assistance programs for the needy aged, blind, and children antedated the Social Security Act in various States or localities. Beginning with 1936, the matching Federal grants to States with plans approved by the Social Security Board have greatly extended and strengthened these types of assistance and acceptance of the principle underlying the act—that public assistance is a right of persons in need.

In June 1944, more than 2 million needy old people, more than one-fifth of the total aged population, were receiving old-age assistance. Nearly 261,000 families were receiving aid in behalf of some 653,000 children, and assistance payments went to nearly 74,000 needy blind persons. During the fiscal year, assistance payments to the aged, the blind, and dependent children totaled \$839.7 million. General assistance totaled \$95.2 million. Federal funds met a little less than half the total for the three special types of assistance—approximately half the cost for old-age assistance, the largest program, 34.6 percent for aid to the blind, and 37.0 percent for aid to dependent children. In addition, Federal funds paid \$23.7 million or about 42 percent of the total expenses of the States in administering these three types of aid. General assistance was financed entirely from State and local funds.

Assistance Recipients

The chance to earn, increase in earnings of others in the family, servicemen's allowances, and similar wartime factors have made it possible for many recipients to leave the assistance rolls and unnecessary for other old or blind people or families with children to ask for aid. Throughout the fiscal year 1943-44 and that preceding, there was a continuous, or nearly continuous, decline in the recipient rolls of each of the four assistance programs, relatively slight for old-age assistance and aid to the blind and sharp for general assistance and aid to dependent children. In June 1944, total recipients of old-age

assistance represented a decline of nearly 7.5 percent from the peak number in June 1942. Only about two-thirds as many families received aid to dependent children as in the peak month, March 1942. The number of recipients of aid to the blind had declined about 7 percent from the high point in September 1942. General assistance reached its peak in the 1930's before Federal work programs were established; during the continuous decline from January 1942 through June 1944, the number of cases on the general assistance rolls dropped 69 percent, and the average number of persons per case was also declining.

Old-age assistance.—Since September 1938 all States and Territories have been receiving Federal grants for old-age assistance under the Social Security Act. In June 1944, recipients of old-age assistance in the continental United States represented about 210 per 1,000 population aged 65 and over, as compared with 240 per 1,000 at the highest point in the recipient rolls. Considerable differences among the States resulted from policies in the use of available State and local funds, the amount of such funds available, and the extent of need among the aged; recipient rates in June 1944 ranged from 497 per 1,000 aged persons in Oklahoma to 60 per 1,000 in the District of Columbia.

The total number of recipients declined gradually throughout the fiscal year, with a decrease of 3.8 percent over the 12 months. Any decline in the number of old people who apply for assistance is notable, for the total number of persons aged 65 or over is increasing by more than 200,000 a year. Moreover, people in these ages include many who, during the years of industrial and farm collapse, were obliged to use up any savings they had and have not themselves had the vigor to accumulate other resources. They also have had much less time and opportunity than old people will have had in the future to build up rights to old-age insurance benefits; a large proportion of the population now old have spent most or all of their lives in farming or other types of work which still are not covered by the insurance system, and they lack the skills and experience needed in covered jobs, even if jobs had been open to them.

Aid to dependent children.—Of the 652,563 children receiving aid in June 1944, all but 261 were in States administering Federal funds for this program under the Social Security Act. On October 12, 1943, the Board approved a plan submitted by Iowa under which payments were first made in January 1944. In June 1944, children receiving aid represented 16 per 1,000 children under age 18 in the continental United States. Recipient rates in the States ranged from 43 per 1,000 children in Oklahoma to 4 per 1,000 in Nevada, where the program of mothers' aid is administered without Federal participation.

For the country as a whole, the number of families receiving aid to dependent children declined continuously throughout the fiscal year and decreased more than 14 percent over the year. In June 1944, only four States were aiding more families than a year earlier, and only five showed an increase in the number of children aided. The largest increases were in the two States with relatively new plans—Iowa, which had been using Federal funds for aid to dependent children for only 6 months, and Kentucky, where payments under a plan approved by the Board did not begin until January 1943.

In many families which otherwise might now be receiving aid to

dependent children, the mother or the children have had a chance to get paid work which enabled them to leave the assistance rolls or kept them from having to ask for aid. In these families, the incentive of financial independence, patriotic motives, and sometimes the pressure of public opinion and of staff in assistance agencies have often led to decisions which are unwise in the long run for either the family or the community. In taking work outside their homes, some women have had to leave their children without needed care or supervision, while children have cut short schooling which they need for the future. For some families with sons and daughters in the armed forces, servicemen's allowances have obviated need for assistance.

Aid to dependent children also has been replaced to some extent by the development of survivors insurance under the Social Security Act. A worker may become currently insured after only a year and a half in covered employment, and his minor children and their mother then are eligible for survivor benefits if he dies. By the end of the fiscal year, more fatherless children were receiving survivor benefits under the Social Security Act than were receiving aid to dependent children. Many of the children on the insurance rolls, of course, would not have been applicants for aid to dependent children in any event, for insurance benefits are paid irrespective of the family's resources. Some families with only minimum survivor benefits received supplementary aid under the assistance program. For others, however, the relatively small assured income from the insurance system means the difference between financial independence and dependency. The extent to which either old-age or survivor benefits can obviate need for assistance is severely limited by the restriction of insurance coverage. Because farm work is not covered by the insurance program, country families, with the largest number of children, are less likely than city families to have this protection.

Aid to the blind.—From June 1943 to June 1944 the number of recipients of aid to the blind declined nearly 5 percent. For the 46 States with plans approved by the Board, the total increased nearly 8 percent, largely because of the inclusion of the Illinois plan approved in October 1943. Because two large State programs are administered without Federal financial participation, only about 78 percent of the recipients of aid to the blind were in States receiving Federal funds for this purpose. In June 1944, the number of recipients represented 58 persons per 100,000 civilian population in the continental United States. State recipient rates ranged from 140 per 100,000 in Pennsylvania, which does not receive funds under the Social Security Act, to 9 per 100,000 in Connecticut.

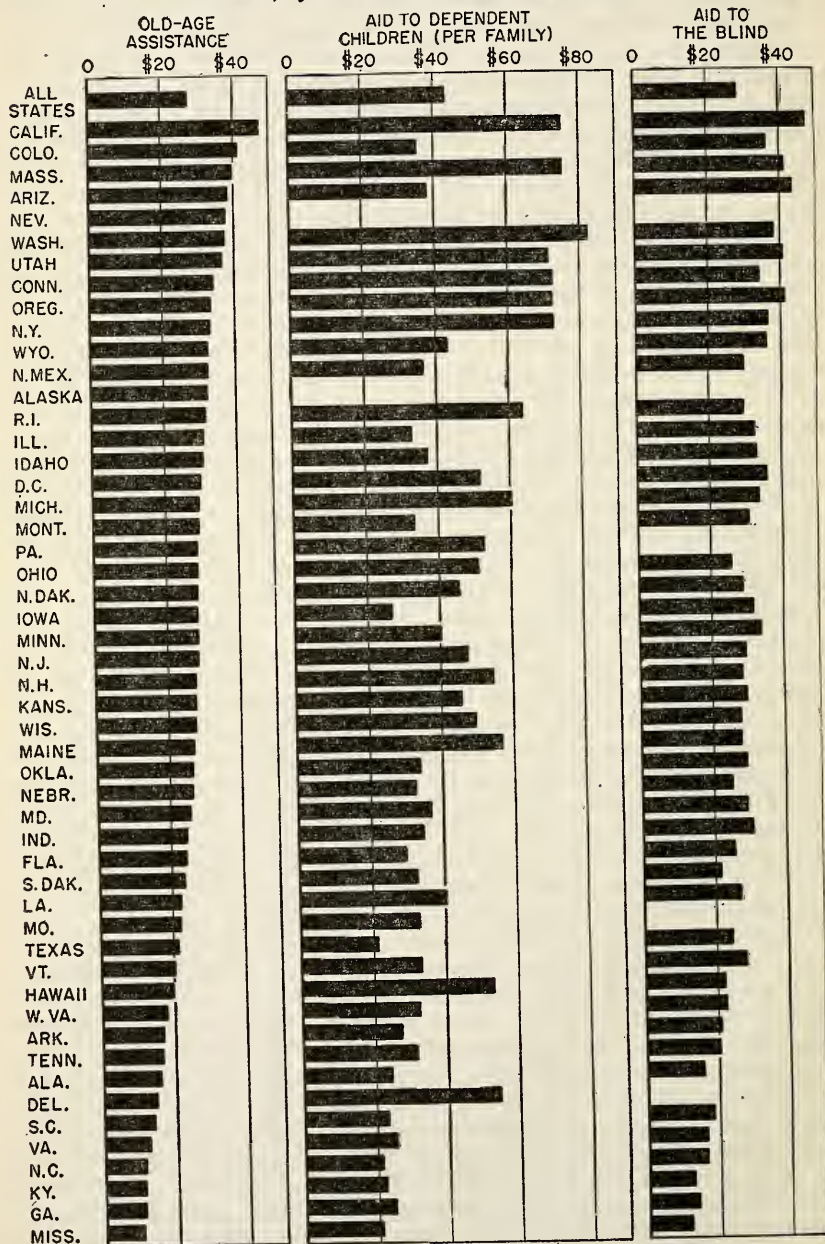
General assistance.—The decline in the general assistance rolls from June 1943 to June 1944 was substantial (27 percent) but considerably less than in the preceding 12 months. Available data indicate that transfer of eligible persons from general assistance to the special types of assistance was a more important factor in this decline than opportunities to get work. As in the special types of public assistance, State figures differed widely. Case rolls were higher in June 1944 than a year earlier in six States (Alabama, Alaska, Louisiana, Oregon, South Carolina, Washington), while eight (Illinois, Iowa, New Jersey, New York, North Dakota, West Virginia, Wisconsin, Wyoming) reported declines of 30 percent or more. Decline in general assistance does not imply that all needy persons are being cared for, since some

State programs are extremely limited in coverage and in parts of some States this type of aid is wholly lacking.

Assistance Payments

During the war years, improvement in State and local fiscal re-

Chart 11.—Average payment per recipient under approved plans for public assistance, by State and program, June 1944



sources has made it possible for some States to give assistance for the first time to eligible persons who could not be aided earlier because funds were lacking, or to improve gravely inadequate levels of assistance. Everywhere there has been need to adjust to the rise in living costs. By 1943-44, moreover, the liquidation of Federal emergency programs of public aid, especially the food stamp plan and distribution of surplus commodities, had removed additional sources of aid on which many assistance recipients had relied in earlier years, particularly in States where assistance payments are very low. Trends in expenditures for assistance, therefore, have not paralleled the declines in recipients. Payments to needy persons under the four assistance programs in 1943-44 totaled only 7.6 percent less than the total in 1940-41, when the defense program was beginning.

The total of \$934.9 million in assistance in 1943-44 was slightly more (0.7 percent) than in the preceding year. An increase in old-age assistance and a slight rise in aid to the blind more than offset the sharp decline in aid to dependent children and the drop in general assistance, some of which resulted from transfer of eligible persons to the special types of assistance. Because of these differences, old-age assistance constituted about 73 percent of the total for the fiscal year, as compared with 66 percent in the preceding year, while aid to dependent children represented 14 percent; aid to the blind, 3 percent; and general assistance, 10 percent.

Old-age assistance.—Payments in the fiscal year (\$679.0 million) totaled 10 percent more than in 1942-43; totals were higher in 41 States and lower in 10. Although for the United States as a whole the average payment rose each month of the fiscal year and was more than \$2.80 higher in June 1944 than a year earlier, State figures show a decline over the year of more than \$3.50 in Kentucky at one extreme and a rise of \$9.60 in California, at the other. The range in average payments in June 1944 was from \$47.20 a month in California to \$10.03 in Mississippi, with two States (California and Colorado) paying an average above the Federal matching maximum of \$40.

Aid to dependent children.—Total payments for aid to dependent children in 1943-44 (\$135.5 million) were nearly 10 percent less than in the previous year. The average payment per family rose each month from June 1943 to April 1944, however, and in June 1944 was \$43.08, a little more than \$4 higher than a year earlier, though in five States the average declined. At the close of the fiscal year, State averages ranged from \$82.45 a month for families in the State of Washington to \$20.92 in Mississippi.

Aid to the blind.—Total payments for aid to the blind, like the recipient rolls of this program, have changed only slightly over the past 5 years. The total for 1943-44 (\$25.2 million) was about 1 percent more than in the preceding year. Average payments per recipient rose slightly throughout the fiscal year, from \$27.07 to \$28.77; in June 1944, State averages ranged from \$47.44 in California to \$11.64 in Mississippi.

General assistance.—Payments for general assistance totaled \$95.2 million in the fiscal year, declining, with occasional interruption, from \$9.3 million in June 1943 to \$7.2 million in June 1944. The total for the fiscal year was 31 percent below that for 1942-43. The average monthly payment in June 1944 was \$27.84, with a relatively wider range than for any of the other assistance programs—from \$43.79 in

New York to \$7.19 in Mississippi. Except for New Mexico, all the States with averages below \$15 are also those in which payments for each of the three special types of public assistance are below the averages for the United States.

Financing Public Assistance

In 1943-44, Federal grants to States under the Social Security Act met 41.2 percent of total public assistance payments in the United States and Territories; State funds bore 45.6 percent, and local funds, 13.2 percent. Federal funds met 47.6 percent of the administrative costs and payments for old-age assistance. In States with plans approved by the Social Security Board, Federal funds represented 38.3 percent of the expenditures for assistance and administration for aid to dependent children, and 47.5 percent of similar costs for aid to the blind. The lower proportion of Federal aid for dependent children results in considerable part from the lower maximum for Federal matching—for aid to dependent children, a Federal-State total of \$18 a month for the first child and \$12 for each additional child aided in the same home, as compared with \$40 a month for a recipient of old-age assistance or aid to the blind. Federal funds bore no part of the \$95.2 million paid in general assistance or of the \$5.7 million paid in aid to the blind and dependent children in States which did not request Federal funds under the Social Security Act in 1943-44.

The amounts of the Federal grants for public assistance depend on the amounts States themselves make available for Federal matching. Federal grants certified in the fiscal year total \$340.8 million for old-age assistance, \$54.4 million for aid to dependent children, and \$9.7 million for aid to the blind. Of this total of \$404.9 million, only 8.4 percent went to 10 States which had 17.4 percent of the population but were lowest in per capita income in 1943. Moreover, State eligibility conditions and other statutory or administrative provisions of State plans vary widely, with resulting differences in the coverage of the State programs, the levels of payments, and the relative amounts of Federal funds claimed by the State.

Eligibility Conditions

In the administration of the special types of public assistance under the Social Security Act, both the chances of an individual's receiving aid and the amount which he gets depend greatly on the State in which he files his application. In many States, conditions not required by the Federal act exclude otherwise eligible applicants for aid and keep the State from obtaining the Federal funds otherwise available to aid needy persons within their borders.

Unless an applicant is a citizen of the United States, or has signified intention of becoming a citizen, or has lived in the United States for 10 years or more, he is denied old-age assistance in 26 States or aid to the blind in 7 of the States with approved plans. States, however, may, if they wish, use Federal funds for needy aliens, as 25 States are doing for old-age assistance and 37 for aid to the blind. In 24 States with approved plans, a needy blind person is denied aid to the blind if he is under 16, 18, or 21 years of age, while in 22 States Federal funds are used for aid to the blind without regard to the recipient's age. In 13 States a child cannot qualify for or continue to receive aid to

dependent children unless he is under age 16, even though he may still be at school; with slight differences in their requirements, 36 States are using their opportunity to obtain Federal funds under the Social Security Act for needy school children aged 16 and 17.

An otherwise eligible applicant for aid is denied old-age assistance in 35 States if he cannot meet the maximum residence requirement (the year preceding application and 4 other years out of the last 9) permitted in the Social Security Act as a condition for approval of a State plan. The same maximum is imposed for aid to the blind in 20 of the States with approved plans, and in 10 additional States this maximum is imposed unless an applicant became blind while a resident of the State. Twenty-seven States impose the upper Federal limit on residence requirements for aid to dependent children (the year immediately preceding application for the mother and the child or for the mother alone if the child was born during the year). Some States, on the other hand, are making wider use of their opportunities to claim Federal matching in payments to needy persons. Rhode Island has no residence requirement for any form of assistance. Nine States require only a year's residence for old-age assistance, and 11 only a year for aid to the blind; 2 of these latter waive the requirement if the applicant became blind while a resident of the State.

Several States require liens on the property of recipients, although the Federal act has no such condition. In some States, assistance is denied if relatives are financially able to support the applicant, even if they fail to do so. There is no parallel for this requirement in the Social Security Act; the recipient of assistance must be "needy" if Federal funds are to be used in his behalf, and his resources must be taken into account in determining the existence and extent of his need, but the Board has stressed the point that resources should be actual rather than merely potential.

The Right to Assistance

The Social Security Act represents a long step forward in establishing the right of a needy person to public aid. That principle is inherent in the act's requirement that assistance must be given in the form of a money payment, which the recipient is free to use as he deems best; in the requirement that a State plan provide opportunity for a fair hearing of persons whose applications are denied; and the requirement that safeguards be provided to restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with administration of the program.

The preceding pages indicate some of the barriers which hinder or block full realization of the right of the needy to aid—lack of funds, restrictions on eligibility, and inadequate standards of assistance. Several of these barriers—the basis and scope of Federal financial participation in assistance and the inadequacy of provision for medical services—have been discussed earlier in this report. Other types of problems arise in administrative procedures. Special problems arise, for example, in meeting the need of persons who require particular housekeeping or other services in addition to the money payment, or the need of recipients whose physical or mental condition becomes such that they require guardianship or can best be aided through institutional care. These problems have continued to engage the attention of the Board and of many States

during the past year. Several States have asked for advice and aid in making applicants and recipients better aware of their rights to appeal from agency decisions and in establishing more informal and effective procedures for conduct of hearings. This also is an area in which study and development are needed.

Administering Social Security Programs

The Social Security Board maintained throughout the fiscal year 1943-44 the organization and responsibilities described in the *Eighth Annual Report*. Its membership likewise was unchanged: Arthur J. Altmeyer of Wisconsin continued as Chairman of the Board, and George E. Bigge of Rhode Island and Ellen S. Woodward of Mississippi as the two other members. Oscar M. Powell of Texas continued to serve as Executive Director. Major organizational units are shown on page iv.

Appropriations and Expenditures

Federal appropriations for the fiscal year for programs administered by the Board on a solely Federal basis or in cooperation with the States amounted to \$476.7 million, or about 5 percent less than for 1942-43. Of this sum, which includes about \$4.1 million transferred by the War Manpower Commission as reimbursement to States for administrative expenses incurred for the U. S. Employment Service, nearly \$449.8 million, or 94 percent, was appropriated for grants to States for public assistance and for unemployment compensation administration. Including amounts allotted from appropriations to the Federal Security Agency, \$27 million, or about 6 percent, was appropriated for salaries, travel, and general expenses of the Board's central, area, regional, and field offices.

Administrative expenses of the Board during the year were \$1 million less than the amount appropriated; in its 9 years of operation the Board has saved a total of about \$24 million from its annual administrative budgets. Such savings have resulted from unremitting efforts to find simpler, more effective, and less costly methods of doing each job and, during the war, from inability to recruit needed personnel and postponement, whenever possible, of ultimately necessary outlays for equipment and materials. Some of these wartime cuts, while essential in present circumstances, could not be continued indefinitely without threat to the rights of individuals for whom the social security program was established.

Total administrative expenses of the Board declined 7 percent from 1942-43; its pay roll dropped 7 percent, travel expenses nearly 14 percent, and general expenses 9 percent. The smaller decrease in salaries than in the other two categories resulted from overtime pay, other statutory provisions for salary increases, and the relatively greater loss of younger and lower-salaried personnel to the armed forces and other Federal agencies. Of the Board's administrative expenses in 1943-44, \$23.1 million, or 89 percent, represented administrative costs of old-age and survivors insurance, reimbursed from the old-age and survivors insurance trust fund. Thus, only \$2.8 million represented a final charge against general Federal revenues.

Grants certified to States for public assistance payments and admin-

istration rose to nearly \$405 million, because States provided larger amounts than in preceding years to be matched by Federal grants for old-age assistance and aid to the blind. Total Federal grants for aid to dependent children declined by \$13.5 million, to \$54.4 million. Of the total Federal funds certified to States for public assistance, about 84 percent went for old-age assistance, less than 14 percent was for aid to dependent children, and about 2 percent for aid to the blind.

In 1943-44 the Board certified \$36.1 million for unemployment compensation administration. This sum included grants from the \$4.1 million transferred to the Board by the War Manpower Commission to reimburse States for services and facilities of the State unemployment compensation agencies in operations of the USES, and \$900,000 for postage. Amounts certified during this fiscal year are not comparable with certifications in previous years because of differences in administering and financing employment services.

Expenditures of sums from the President's Emergency Fund allocated for civilian war benefits, civilian war assistance, and aid to enemy aliens, described later, are not included here or in table 2.

Board Personnel

As of June 30, 1944, the Board had 10,045 employees, of whom a little more than half were in the central offices in Washington and Baltimore and the rest in the area, regional, and field offices which comprise the decentralized field organization. As of June 1944, 2,750 employees of the Board were on military leave without pay. In all, about 5,700 persons have rights to reemployment with the Board because of military leave or war-emergency transfers to other government jobs or private employment. The staff at the end of the year was smaller by 540 than a year earlier and nearly one-fifth less than in January 1943, when the Board was carrying the same responsibilities. The lengthening of the workweek in December 1942 from 44 to 48 hours has helped in adjusting to smaller staff. On the other hand, many of the employees obtained to replace experienced personnel who left for the armed forces or emergency agencies have had little or no prior training or experience in operations such as those maintained by the Board. Only through intensive training on the job and through developing and applying methods of job analysis and work simplification has it been possible to keep work current.

In the largest area of Federal administration, old-age and survivors insurance, wartime factors and the continuing rise in the beneficiary rolls caused large increases in work loads. The expansion of employment during the war increased the number of wage items received from a peacetime level of 135 million during the fiscal year 1940-41 to 196 million in 1943-44, and the benefit rolls had grown from 103,000 to 998,000 during the same period. Nevertheless, the number of employees concerned with this program was substantially less in 1943-44 than in the earlier year. This reduction was accomplished in the face of a loss of 2,400 experienced persons to the armed forces and very heavy turn-over among the newer, inexperienced personnel that replaced them.

With the approval of the Civil Service Commission, the Board undertook direct recruiting of operators for old-age and survivors insurance wage-record machines and, later, also of stenographers,

typists, and other persons who might serve at least part time. These efforts and on-the-job training have made it possible to handle the record volume of wage items, the increasing number of benefit claims, and adjustments such as changes in address, payment status, and the like. These adjustments had to be made during the year at the rate of 14 actions for every 15 beneficiaries on the increasing rolls. So far as possible, machines have been used to replace laborious clerical recording. Because of the shortage of trained personnel in Baltimore's critical manpower area, initial operations on about one-third of the wage records are now being performed in area offices in Philadelphia, Chicago, and New Orleans.

Field Organization

Substantial economies were effected early in the fiscal year (September 1, 1943) by consolidating the two regional offices which served New York, Pennsylvania, New Jersey, and Delaware. The saving in rent and the elimination of 28 positions amounted to about \$100,000 a year. Decentralization of responsibilities to regional offices was continued. These offices now carry effectively many personnel, pay-roll, and other management functions formerly maintained in Washington.

Consolidation of field offices reduced the total number from 471 on June 30, 1943, to 436 a year later. To maintain at least part-time services to workers, employers, and beneficiaries, the number of branch offices was increased from 16 to 31, but the number of stations with itinerant services was reduced from 1,188 to 1,133.

The Board continues to recognize the importance of bringing the program to the people through local offices and service points. For example, determination of eligibility and amount of benefits in more than 95 percent of the claims is made in the field offices.

Work Simplification and Training

Board employees have been called upon during the fiscal year to analyze their jobs to see what steps, procedures, and products are really necessary for effective administration. Nearly every employee who has taken part in this program has made at least one proposal for simplifying, speeding, or dropping routine processes. Approximately 90 percent of these proposals have been adopted, many affecting several areas of operations and several units of the organization. Employee proposals become a part of their permanent personnel records. As a result of labor-saving suggestions and self-questioning on the meaning, purpose, and value of working methods, substantial savings have been made not only in time but also in supplies and equipment. Paper has been saved by cutting down the number and size of forms and other publications, by use of lighter paper stock, and by consistent efforts to write shorter, simpler, and clearer statements. These and similar accomplishments have evidenced concretely the spirit of cooperation among clerical, supervisory, and executive staff.

Basic training courses, as in past years, are required of all new employees, and refresher courses are given for those who need to improve their technical or clerical skills. With the work-simplification techniques, however, all employees are in a continuing course of training, for no type of work persists solely on the momentum of tradition or habit.

Personnel Merit Systems in State Agencies

The conditions of Federal grants for both unemployment compensation administration and public assistance include methods of administration which the Board finds necessary for proper and efficient operation, including methods relating to the establishment and maintenance of personnel standards on a merit basis. Although the Board has no authority over selection, tenure of office, or compensation of any individual employed by the State agencies under such personnel merit systems, in carrying out the responsibility imposed by the act it must establish criteria and methods for determining the existence and maintenance of State merit systems and for evaluating these systems.

Such evaluation indicates that State merit systems have functioned adequately in spite of war stresses. Most jurisdictions have been able to continue to make appointments from established registers of qualified candidates. Wartime difficulties in recruitment have led to simpler methods of recruiting and examining candidates and setting up registers. As compared with 5 States in 1942-43, only 3 States now have separate merit systems for public assistance and unemployment compensation; 27 others maintain a joint merit system for both programs. In 3 States, the social security agencies are covered within a limited civil-service system. State-wide civil-service systems serve the agencies of the remaining 18 States; in several of these States, county welfare units are served by a special departmental merit system; in others, by a county-wide civil-service system; and in a few, by both types of system.

Substantial progress has been made toward providing a genuine career service in State social security administration. The principles underlying such a service require opportunity for all qualified persons to compete for positions; reasonable assurance of tenure after a trial period which demonstrates satisfactory performance; opportunities for individual development and promotion on the basis of quality of performance; and compensation ranges based on equal pay for equal work, with appropriate steps to recognize long service and superior performance. During the year, increasing emphasis has been placed on use of the personnel review to give the Board and the States an objective measure of the effectiveness of merit-system operations, and on the development of guide materials and a revised manual of merit-system procedures.

State agencies have lost experienced workers to the armed forces, war industries, and other jobs at higher rates of pay. Decline in staff, even though offset in some instances by reduced work loads, poses problems for these agencies in maintaining current work loads and preparing for the anticipated increase in beneficiaries and recipients following demobilization and industrial reconversion. At that time, State agencies will also face difficult problems in reinstating employees on military leave.

Emergency Programs

The Board became responsible in February 1942 for administering two war emergency programs for civilians in the United States, Alaska, Hawaii, Puerto Rico, and the Virgin Islands, to compensate for income loss and to provide assistance and services for civilians and their families suffering from disability, death, disappearance, or

internment resulting from enemy action, or from injury or death caused by efforts to meet such action. A third program furnishes assistance and services to enemy aliens and others affected by restrictive governmental action. The authorization and establishment of these programs, which are financed by special allotments from the President's Emergency Fund, have been described in previous annual reports. The favorable course of the war and special legislation affecting survivors and dependents of employees of contractors with the United States who suffered from enemy action in the Pacific area have minimized the role of the emergency programs.

The civilian war benefits program protects members of civilian defense organizations against the risks of total disability, partial permanent disability to the extent of at least 30 percent of total, and death arising from injury incurred in line of duty, and pays benefits to dependents of civilians who were killed, missing, or detained by enemy action. Monthly benefits, which range from \$10 to \$85, are based on the civilian's earnings; in addition, a lump sum up to \$100 may be paid as reimbursement for burial expenses. Total payments under this program in the fiscal year 1943-44 amounted to \$203,000, of which \$76,200 was paid to 560 civilian defense workers who suffered temporary disability; \$4,600 to permanently disabled civilian defense workers; \$118,600 to survivors of defense workers killed in line of duty and to dependents and survivors of other civilians affected by enemy action; and \$3,500 in burial expenses. In June 1944, 13 permanently disabled civilian defense workers received \$458 in monthly benefits, and dependents' and survivor benefits amounted to \$8,575.

All persons actually or potentially eligible for civilian war benefits may also receive, although not simultaneously, temporary aid and essential services under the civilian war assistance programs, through arrangements made by the Board with public assistance agencies of 51 jurisdictions, including Puerto Rico. Persons repatriated to the United States, shipwrecked persons and their dependents, and individuals and families evacuated from the Territories, island possessions, or danger points within the United States, have also been aided. In the fiscal year 1943-44, assistance payments amounting to \$64,300 were made by the collaborating State agencies from funds advanced or reimbursed by the Social Security Board. In June 1944, 71 cases received services only and 52 received assistance payments amounting to \$4,004.

Similar agreements between the Board and public assistance agencies of 52 jurisdictions (including Puerto Rico) provide for assistance and services to enemy aliens and others affected by restrictive governmental action. This program is administered by the Board at the request of, and in accord with policies prescribed by, the War Relocation Authority and the Department of Justice. It serves persons who must move from a designated area under orders of the Army or other authorized Government agency or who, within such areas, are subject to military regulation; enemy aliens and others who have been detained or interned or have been in War Relocation centers and later released; and the dependents of interned, detained, or released aliens. By the same type of arrangement as in civilian war assistance for advance or reimbursement by the Social Security Board, participating States made assistance payments in the fiscal year 1943-44 amounting to \$104,000 under this program. In June 1944, 89 cases received

services only and 145 received assistance payments totaling \$11,421.

Funds for civilian war benefits and assistance have been made available for the next fiscal year by the Second Deficiency Appropriation Act, 1944 (Public Law No. 375, 78th Cong., 2d sess., approved June 28, 1944), which continues the availability of any balance in the President's Emergency Fund for any function or project unless an appropriation requested for the purpose has been denied. Aid to enemy aliens and others will be financed from funds authorized in regular appropriations to the War Relocation Authority and the Board.

Effectiveness of Social Security Programs

Administration of social security programs is more than a system of checks and balances on funds due or expended. It deals with the rights and social and economic welfare of human beings on whom State and national welfare depends. The Board and many State agencies carry specific statutory responsibilities for studying methods of strengthening existing measures for social security and analyzing unmet needs and ways to meet them. The major problems which have come to light have been outlined in this report. They arise from gaps in insurance and assistance coverage, unduly stringent eligibility conditions for both insurance and assistance, low levels of benefits and payments, and differences in the rights of individuals in like circumstances to qualify for insurance protection or assistance.

Under the Social Security Act, the Board is required not only to ascertain that Federal funds granted for unemployment compensation administration and public assistance are used in accordance with Federal statutory requirements, but also to determine that State administration meets the objectives defined in both State and Federal laws. State agencies and the Board have worked together to analyze the effectiveness of past and current operations and the probable role of the social security program in the immediate and long-range future.

The Board is also responsible for ensuring that Federal funds which it certifies for State use are expended for the purposes set forth in the Social Security Act and the statutes which make these funds available. These responsibilities entail interstate comparisons of the effectiveness of Federal requirements and continued evaluation of the extent to which their purpose is met. Through its regional staff, the Board is called upon by State agencies not only for advice in interpreting Federal requirements but also for counsel on steps which will strengthen and improve operations and reduce the gaps between program objectives and program accomplishments. Administrative guides, interpretation of Federal standards and criteria for determining the basis for Board action in regard to State programs, and joint consideration of State problems by Federal and State agency staff serve as a working structure which can be modified and improved through practical application in local, State, and Federal offices. The administrative review of State programs and audits of State expenditures are tools for both Federal and State use in measuring progress.

Throughout the year, the Board and its staff have considered problems inherent in the scope, character, and administrative framework of provisions for social security which limit realization of the potential value of the program. The major findings of these studies and the Board's proposals for present and future action are outlined in part I.

APPENDIX

Regional and Field Organization of the Social Security Board, as of June 30, 1944

REGION I. Regional Director: John F. Hardy, Social Security Board, 120 Boylston Street, Boston 16, Mass.

Connecticut: 9 field offices—Bridgeport, Hartford, Meriden, New Britain, New Haven, New London, Stamford, Torrington, Waterbury; 1 branch office—Willimantic; itinerant service—14 other places.

Maine: 4 field offices—Augusta, Bangor, Lewiston, Portland; itinerant service—7 other places.

Massachusetts: 20 field offices—Boston (2), Brockton, Cambridge, Chelsea, Fall River, Fitchburg, Haverhill, Holyoke, Lawrence, Lowell, Lynn, Malden, New Bedford, Pittsfield, Quincy, Salem, Springfield, Waltham, Worcester; 2 branch offices—Attleboro, Dorchester; itinerant service—27 other places.

New Hampshire: 4 field offices—Concord, Littleton, Manchester, Portsmouth; 1 branch office—Nashua; itinerant service—11 other places.

Rhode Island: 3 field offices—Pawtucket, Providence, Woonsocket; 1 branch office—Newport; itinerant service—2 other places.

Vermont: 3 field offices—Burlington, Montpelier, Rutland; itinerant service—7 other places.

REGION II-III. Regional Director: Peter Kasius, Social Security Board, 11 West Forty-Second Street, New York 18, N. Y.

Delaware: 1 field office—Wilmington; itinerant service—3 other places.

New Jersey: 10 field offices—Atlantic City, Bridgeton, Camden, Elizabeth, Jersey City, Newark, Passaic, Paterson, Perth Amboy, Trenton; itinerant service—14 other places.

New York: 32 field offices—Albany, Auburn, Binghamton, Buffalo, Elmira, Glens Falls, Gloversville, Jamestown, Kingston, Newburgh, New Rochelle, New York City (Manhattan, 4; Bronx, 2; Brooklyn, 2; Jamaica; Long Island City; Staten Island), Niagara Falls, Ogdensburg, Poughkeepsie, Rochester, Schenectady, Syracuse, Troy, Utica, Watertown, Yonkers; 1 branch office—Oswego; itinerant service—60 other places.

Pennsylvania: 28 field offices—Allentown, Altoona, Ambridge, Braddock, Chester, Du Bois, Easton, Erie, Greensburg, Harrisburg, Hazleton, Johnstown, Lancaster, McKeesport, New Castle, New Kensington, Norristown, Philadelphia County (Philadelphia; Germantown; Kensington), Pittsburgh, Pottsville, Reading, Scranton, Uniontown, Wilkes-Barre, Williamsport, York; 1 branch office—Oil City; itinerant service—56 other places.

REGION IV. Regional Director: Lavinia Engle, Social Security Board, Lenox Building, 1523 L Street NW., Washington 25, D. C.

District of Columbia: 1 field office—Washington.

Maryland: 4 field offices—Baltimore, Cumberland, Hagerstown, Salisbury; itinerant service—16 other places.

North Carolina: 13 field offices—Asheville, Charlotte, Durham, Fayetteville, Gastonia, Greensboro, Hickory, High Point, Raleigh, Rocky Mount, Salisbury, Wilmington, Winston-Salem; itinerant service—56 other places.

Virginia: 10 field offices—Alexandria, Bristol, Danville, Lynchburg, Newport News, Norfolk, Petersburg, Richmond, Roanoke, Staunton; itinerant service—32 other places.

West Virginia: 7 field offices—Bluefield, Charleston, Clarksburg, Huntington, Martinsburg, Parkersburg, Wheeling; 3 branch offices—Beckley, Logan, Morgantown; itinerant service—20 other places.

REGION V. Regional Director: Mary E. Woods, Social Security Board, 521 Union Commerce Building, Cleveland 14, Ohio

Kentucky: 10 field offices—Ashland, Bowling Green, Corbin, Covington, Frankfort, Hazard, Lexington, Louisville, Owensboro, Paducah; itinerant service—34 other places.

Region V—Continued.

Michigan: 17 field offices—Battle Creek, Bay City, Detroit and Wayne County (Detroit 2; Dearborn; Highland Park), Escanaba, Flint, Grand Rapids, Jackson, Kalamazoo, Lansing, Marquette, Muskegon, Pontiac, Saginaw, Traverse City; itinerant service—56 other places.

Ohio: 19 field offices—Akron, Ashtabula, Canton, Cincinnati, Cleveland, Columbus, Dayton, Hamilton, Lima, Lorain, Mansfield, Marion, Nelsonville, Portsmouth, Springfield, Toledo, Warren, Youngstown, Zanesville; itinerant service—71 other places.

REGION VI. Regional Director: Henry L. McCarthy, Social Security Board, Room 2200, 188 West Randolph Street, Chicago 1, Ill.

Illinois: 23 field offices—Aurora, Bloomington, Chicago and Cook County (Chicago 5; Cicero; Evanston; Harvey; Oak Park), Danville, Decatur, East St. Louis, Harrisburg, Joliet, Mount Vernon, Peoria, Quincy, Rockford, Rock Island, Springfield, Waukegan; 2 branch offices—Champaign, Galesburg; itinerant service—52 other places.

Indiana: 15 field offices—Anderson, Bloomington, Elkhart, Evansville, Fort Wayne, Gary, Hammond, Indianapolis, Kokomo, La Fayette, Muncie, New Albany, Richmond, South Bend, Terre Haute; 1 branch office—East Chicago; itinerant service—54 other places.

Wisconsin: 11 field offices—Eau Claire, Fond du Lac, Green Bay, Janesville, La Crosse, Madison, Milwaukee, Racine, Sheboygan, Superior, Wausau; 2 branch offices—Kenosha, Oshkosh; itinerant service—52 other places.

REGION VII. Regional Director: Richard H. Lyle, Social Security Board, 441 West Peachtree Street, Atlanta 3, Ga.

Alabama: 8 field offices—Anniston, Birmingham, Decatur, Dothan, Gadsden, Mobile, Montgomery, Tuscaloosa; itinerant service—25 other places.

Florida: 8 field offices—Jacksonville, Miami, Orlando, Pensacola, St. Petersburg, Tallahassee, Tampa, West Palm Beach; 2 branch offices—Daytona Beach, Gainesville; itinerant service—20 other places.

Georgia: 10 field offices—Albany, Athens, Atlanta, Augusta, Columbus, Lagrange, Macon, Rome, Savannah, Waycross; 1 branch office—Valdosta; itinerant service—42 other places.

Mississippi: 7 field offices—Columbus, Greenwood, Gulfport, Hattiesburg, Jackson, Meridian, Vicksburg; 1 branch office—Tupelo; itinerant service—22 other places.

South Carolina: 7 field offices—Charleston, Columbia, Florence, Greenville, Greenwood, Rock Hill, Spartanburg; 1 branch office—Anderson;¹ itinerant service—21 other places.

Tennessee: 8 field offices—Chattanooga, Columbia, Dyersburg, Jackson, Johnson City, Knoxville, Memphis, Nashville; itinerant service—38 other places.

REGION VIII. Regional Director: Chester B. Lund, Social Security Board, Midland Bank Building, Fourth Street and Second Avenue, Minneapolis 1, Minn.

Iowa: 8 field offices—Cedar Rapids, Davenport, Des Moines, Dubuque, Fort Dodge, Ottumwa, Sioux City, Waterloo; itinerant service—4 other places.

Minnesota: 8 field offices—Albert Lea, Bemidji, Duluth, Minneapolis, Redwood Falls, St. Cloud, St. Paul, Winona; itinerant service—9 other places.

Nebraska: 4 field offices—Grand Island, Lincoln, North Platte, Omaha; itinerant service—14 other places.

North Dakota: 4 field offices—Bismarck, Fargo, Grand Forks, Minot.

South Dakota: 3 field offices—Aberdeen, Rapid City, Sioux Falls.

REGION IX. Regional Director: John E. Wrenn, Social Security Board, 1006 Grand Avenue, Kansas City 6, Mo.

Arkansas: 7 field offices—El Dorado, Fort Smith, Hot Springs, Jonesboro, Little Rock, Pine Bluff, Texarkana; itinerant service—28 other places.

¹ Closed July 31, 1944.

Region IX—Continued.

Kansas: 6 field offices—Dodge City, Independence, Kansas City, Salina, Topeka, Wichita; 2 branch offices—Hutchinson, Pittsburg; itinerant service—31 other places.

Missouri: 11 field offices—Cape Girardeau, Clayton, Hannibal, Jefferson City, Joplin, Kansas City, Poplar Bluff, St. Joseph, St. Louis (2), Springfield; itinerant service—31 other places.

Oklahoma: 8 field offices—Ardmore, Enid, Lawton, McAlester, Muskogee, Oklahoma City, Shawnee, Tulsa; itinerant service—22 other places.

REGION X. Regional Director: James B. Marley, Social Security Board, North Presa and East Houston Streets, San Antonio 5, Tex.

Louisiana: 6 field offices—Alexandria, Baton Rouge, Lake Charles, Monroe, New Orleans, Shreveport; itinerant service—14 other places.

New Mexico: 3 field offices—Albuquerque, Roswell, Santa Fe; itinerant service—7 other places.

Texas: 20 field offices—Abilene, Amarillo, Austin, Beaumont, Big Spring, Brownsville, Corpus Christi, Dallas, El Paso, Fort Worth, Galveston, Houston, Lubbock, Lufkin, Paris, San Angelo, San Antonio, Tyler, Waco, Wichita Falls; itinerant service—84 other places.

REGION XI. Acting Regional Director: Richard A. Toomey, Social Security Board, 321 Equitable Building, 730 Seventeenth Street, Denver 2, Colo.

Colorado: 6 field offices—Alamosa, Colorado Springs, Denver, Grand Junction, Greeley, Pueblo; 2 branch offices—Boulder, Trinidad; itinerant service—17 other places.

Idaho: 3 field offices—Boise, Pocatello, Twin Falls; 1 branch office—Lewiston; itinerant service—5 other places.

Montana: 5 field offices—Billings, Butte, Great Falls, Helena, Missoula; 1 branch office—Havre; itinerant service—7 other places.

Utah: 2 field offices—Ogden, Salt Lake City; 1 branch office—Provo; itinerant service—1 other place.

Wyoming: 3 field offices—Casper, Cheyenne, Rock Springs; itinerant service—3 other places.

REGION XII. Regional Director: Richard M. Neustadt, Social Security Board, 785 Market Street, San Francisco 3, Calif.

Arizona: 3 field offices—Flagstaff, Phoenix, Tucson; 1 branch office—Prescott; itinerant service—1 other place.

California: 20 field offices—Bakersfield, Eureka, Fresno, Los Angeles County (Glendale; Hollywood; Huntington Park; Long Beach; Los Angeles; Pasadena), Oakland, Redding, Sacramento, San Bernardino, San Diego, San Francisco, San Jose, San Mateo, Santa Barbara, Santa Rosa, Stockton; 2 branch offices—Inglewood, Santa Monica; itinerant service—30 other places.

Nevada: 2 field offices—Las Vegas, Reno.

Oregon: 5 field offices—Eugene, Klamath Falls, La Grande, Portland, Salem; itinerant service—7 other places.

Washington: 6 field offices—Bellingham, Olympia, Seattle, Spokane, Tacoma, Yakima; 1 branch office—Aberdeen; itinerant service—6 other places.

TERRITORIAL

Alaska: Territorial Director: Hugh J. Wade, Social Security Board, P. O. Box 1331, Juneau.

Hawaii: Territorial Director: Robert W. Beasley, Social Security Board, 425 Dillingham Building, Honolulu. One field office—Honolulu.

Area Offices of the Social Security Board

Chicago: 188 West Randolph Street, Chicago 1, Ill.
 New Orleans: 829 St. Charles Street, New Orleans 13, La.
 New York: 155 East Forty-fourth Street, New York 17, N. Y.
 Philadelphia: 121 North Broad Street, Philadelphia 7, Pa.
 San Francisco: 22 Battery Street, San Francisco 11, Calif.

Table 1.—*Social Security Board administration: Personnel, and salaries, travel, and general expenses, by Bureau or Office, fiscal year 1943-44*

[Amounts in thousands]

Bureau or Office	Personnel, June 30, 1944			Expenses, fiscal year 1943-44			
	Total	Departmental	Field	Total	Salaries	Travel	General expenses
Total.....	10,045	5,545	4,500	\$25,858	\$22,003	\$738	\$3,117
Office of the Board.....	16	16	-----	75	69	2	4
Office of the Executive Director.....	499	489	10	1,319	1,185	33	101
Regional and Territorial offices.....	352	-----	352	1,047	834	14	199
Office of the Actuary.....	14	14	-----	55	55	-----	-----
Office of Appeals Council.....	30	11	19	143	125	17	1
Bureau of Old-Age and Survivors Insurance.....	8,392	4,489	3,903	20,317	17,120	439	2,758
Bureau of Employment Security.....	217	189	28	811	745	56	10
Bureau of Public Assistance.....	224	147	77	977	881	85	11
Bureau of Accounts and Audits.....	200	106	94	737	655	77	5
Bureau of Research and Statistics.....	63	58	5	195	185	2	8
Informational Service.....	38	26	12	182	149	13	20

Table 2.—*Social Security Board administration: Appropriations,¹ expenses,² and personnel, fiscal years 1942-44*

[Amounts in thousands; data corrected to Aug. 15, 1944]

Item	1943-44	1942-43	1941-42
	Appropriations ¹		
Total.....	\$476,731	\$503,266	\$484,776
Grants to States.....	449,773	474,515	455,500
Old-age assistance ³	343,350	329,000	301,000
Aid to dependent children ³	56,885	78,000	73,000
Aid to the blind ³	10,115	8,710	9,000
Unemployment compensation administration.....	439,423	558,805	572,500
Administrative expenses of Social Security Board ⁶	26,958	28,751	29,276
Salaries.....	22,451	23,856	23,670
Travel.....	858	1,121	1,650
General expenses.....	3,649	-3,774	3,956
Item	Expenses ²		
	1943-44	1942-43	1941-42
Total.....	\$466,929	\$479,994	\$474,879
Grants to States.....	441,071	453,090	447,103
Old-age assistance ³	340,776	319,176	297,357
Aid to dependent children ³	54,402	67,927	69,381
Aid to the blind ³	9,764	8,523	7,947
Unemployment compensation administration.....	736,129	556,464	572,418
Administrative expenses of Social Security Board.....	25,858	27,904	27,776
Salaries.....	22,003	23,616	22,433
Travel.....	738	858	1,458
General expenses.....	3,117	3,430	3,885
Item	Personnel, as of June 30		
	1943-44	1942-43	1941-42
Total.....	10,045	10,585	13,297
Departmental.....	5,545	5,846	8,247
Field.....	4,500	4,739	5,050

¹ Includes regular and deficiency appropriations to the Board; allotments and transfers to the Board for administrative expenses from appropriations of the Federal Security Agency; transfers from the War Manpower Commission for 1943-44; and defense appropriations for 1941-42 and 1942-43. Excludes appropriations under the Wagner-Peyser Act, available for July-December 1941, and allocations from the President's Emergency Fund for the war emergency programs.

² Obligations against funds available for fiscal year as defined in footnote 1 for grants to States (advances certified) and administrative expenses of the Social Security Board, including amounts for administration of title II of the Social Security Act for which the general fund of the Treasury is reimbursed from the old-age and survivors insurance trust fund.

³ Appropriations and expenses for public assistance grants reflect transfers among the 3 programs, made on approval of the Bureau of the Budget.

⁴ Includes \$4,095,411 transferred from WMC to reimburse States for unemployment compensation facilities and services furnished to U. S. Employment Service.

⁵ Includes appropriation for administering USES January-November 1942; figure for 1942-43 excludes \$23,845,471 transferred to WMC with transfer of USES December 1942.

⁶ Reflects transfers from Social Security Board appropriations to Federal Security Agency.

⁷ Includes expenditures by State agencies for facilities and services furnished to USES, reimbursed from the \$4.1 million received from WMC.

⁸ Includes \$15,803,000 for USES administered by Social Security Board, July-November 1942.

⁹ Includes \$18,496,000 for USES administered by Social Security Board, January-June 1942.

Table 3.—*Financing social insurance under the Social Security Act: Contributions collected under Federal and State laws, by fiscal year, 1942-44, and by month, fiscal year 1943-44*

[In millions ¹]

Fiscal year and month	Federal Insurance Contributions Act ²	Federal Unemployment Tax Act ³	State unemployment compensation laws ⁴	Fiscal year and month	Federal Insurance Contributions Act ²	Federal Unemployment Tax Act ³	State unemployment compensation laws ⁴
1941-42.....	\$896	\$120	\$1,094				
1942-43.....	1,130	158	1,215				
1943-44.....	1,292	180	1,352				
1943				1944			
July.....	44	3	147	January.....	\$34	\$14	\$129
August.....	287	8	198	February.....	252	117	175
September.....	3	1	5	March.....	4	4	11
October.....	42	3	136	April.....	35	3	150
November.....	274	10	197	May.....	309	14	175
December.....	4	1	9	June.....	5	1	20

¹ Totals are sums of unrounded figures, therefore may differ slightly from sums of rounded figures.

² Tax effective Jan. 1, 1937, paid by employers and employees at rate of 1 percent each of wages up to \$3,000 a year.

³ Tax effective Jan. 1, 1936, paid only by employers of 8 or more. Employers offset against this tax—up to 90 percent of the amount assessed—contributions which they have paid under State unemployment compensation laws or full amount they would have paid if they had not been allowed reduced contribution rates under State experience-rating provisions. Beginning 1939, Federal rate has been 3 percent of first \$3,000 a year of wages paid to each employee by subject employer; because of credit offset, effective rate is 0.3 percent of such wages.

⁴ Contributions, penalties, and interest collected by States from employers and contributions from employees deposited in State clearing accounts. Includes special war-risk contributions required in 10 States from employers with war-expanded pay rolls. Data reported by State agencies, corrected to Aug. 22, 1944.

Table 4.—*Financing social insurance under the Social Security Act: Operations of trust funds, by fiscal year, 1942-44, and by month, fiscal year 1943-44*

[In millions ¹]

Fiscal year and month	Federal old-age and survivors insurance trust fund				State accounts in Federal unemployment trust fund				
	Appropriations ²	Interest ³	Expenditures		Balance, end of period	Deposits	Interest ³	Withdrawals	Balance, end of period
			Benefits ⁴	Administration					
1941-42.....	\$896	\$71	\$110	\$27	\$3, 227	\$1, 096	\$62	\$368	\$2, 884
1942-43.....	1, 130	87	149	27	4, 268	1, 218	76	174	4, 003
1943-44.....	1, 292	103	185	33	5, 446	1, 349	89	60	5, 380
1943									
July.....	44	(⁵)	14	3	4, 295	44	-----	4	4, 042
August.....	287	-----	14	3	4, 565	300	-----	5	4, 337
September.....	3	1	14	3	4, 552	9	-----	4	4, 341
October.....	42	-----	15	3	4, 576	36	-----	3	4, 373
November.....	274	-----	15	3	4, 832	289	-----	3	4, 659
December.....	4	2	15	3	4, 820	14	41	4	4, 711
1944									
January.....	34	(⁵)	15	2	4, 837	36	-----	5	4, 742
February.....	252	-----	16	2	5, 072	263	-----	6	4, 999
March.....	4	1	17	2	5, 058	18	-----	7	5, 009
April.....	35	-----	16	3	5, 073	44	-----	7	5, 047
May.....	309	-----	17	3	5, 362	277	-----	6	5, 318
June.....	5	100	17	3	5, 446	20	47	5	5, 380

¹ Totals are sums of unrounded figures, therefore may differ slightly from sums of rounded figures.

² Trust fund appropriations equal taxes collected under Federal Insurance Contributions Act.

³ Interest on investments held by the old-age and survivors insurance trust fund is credited annually in June, and by the unemployment trust fund semiannually in December and June; on investments redeemed, in month of redemption.

⁴ Based on checks cashed and returned to Treasury.

⁵ Less than \$500,000.

Source: Compiled from data in *Daily Statement of the U. S. Treasury*.

Table 5.—*Old-age and survivors insurance: Accounts established, benefits in force and in current-payment status, payments certified, and workers with wage credits, for specified periods, 1942-44*

Item	Fiscal year		
	1941-42	1942-43	1943-44
Employee accounts established.....	6,676,949	¹ 8,261,340	¹ 5,778,242
Total taxable wages in period (millions) ²	\$47,138	\$59,911	\$65,837
Benefits in force (end of period):			
Number.....	595,890	795,712	998,229
Primary.....	277,463	349,240	417,921
Wife's.....	77,677	99,516	121,645
Child's.....	155,799	220,547	287,368
Widow's.....	21,934	38,191	58,107
Widow's current.....	60,507	84,669	108,721
Parent's.....	2,510	3,549	4,467
Total monthly amount.....	\$10,829,913	\$14,484,616	\$18,252,457
Primary.....	6,333,159	8,078,785	9,805,734
Wife's.....	943,617	1,225,285	1,517,354
Child's.....	1,897,210	2,701,544	3,545,892
Widow's.....	443,046	769,315	1,171,475
Widow's current.....	1,180,290	1,663,327	2,153,432
Parent's.....	32,591	46,360	58,570
Average monthly amount:			
Primary.....	\$22.82	\$23.13	\$23.46
Wife's.....	12.15	12.31	12.47
Child's.....	12.18	12.25	12.34
Widow's.....	20.20	20.14	20.16
Widow's current.....	19.51	19.65	19.81
Parent's.....	12.98	13.06	13.11
Benefits in current-payment status (end of period):			
Number.....	529,876	676,302	846,303
Primary.....	237,459	284,063	339,954
Wife's.....	68,760	84,398	103,164
Child's.....	147,674	201,954	261,806
Widow's.....	21,694	37,680	57,126
Widow's current.....	51,789	64,711	79,866
Parent's.....	2,500	3,496	4,387
Total monthly amount.....	\$9,554,886	\$12,198,617	\$15,350,875
Primary.....	5,431,459	6,598,535	8,027,699
Wife's.....	838,431	1,045,686	1,297,794
Child's.....	1,803,424	2,478,715	3,234,191
Widow's.....	437,580	758,205	1,151,346
Widow's current.....	1,011,528	1,271,749	1,582,297
Parent's.....	32,464	45,727	57,548
Average monthly amount:			
Primary.....	\$22.87	\$23.23	\$23.61
Wife's.....	12.19	12.39	12.58
Child's.....	12.21	12.27	12.35
Widow's.....	20.17	20.12	20.15
Widow's current.....	19.53	19.65	19.81
Parent's.....	12.99	13.08	13.12
Payments certified during period:			
Monthly benefits.....	\$102,248,283	\$139,139,105	\$173,281,396
Primary.....	58,432,792	75,930,714	90,931,439
Supplementary.....	10,200,264	13,332,457	15,843,939
Survivors.....	33,615,227	49,875,934	66,506,018
Lump-sum payments.....	14,241,942	16,595,499	19,156,468
1939 amendments.....	14,129,447	16,544,598	19,134,018
1935 act.....	112,495	50,901	22,450
Total estimated number of living workers with wage credits.....	³ 50,900,000	⁴ 58,700,000	⁵ 66,300,000
Fully insured.....	³ 25,800,000	⁴ 28,100,000	⁵ 30,200,000
Currently but not fully insured.....	³ 1,700,000	⁴ 3,100,000	⁵ 5,100,000
Uninsured.....	³ 23,400,000	⁴ 27,500,000	⁵ 31,000,000

¹ Excludes account numbers issued to 67,000 civilian employees of the War Department in 1942-43 and 118,000 in 1943-44.

² Unadjusted for nontaxable wages erroneously reported or for wages not counted in determining insurance benefits.

³ As of Jan. 1, 1942.

⁴ As of Jan. 1, 1943.

⁵ As of Jan. 1, 1944.

Table 6.—*Old-age and survivors insurance: Accounts established, employers reporting, benefits in force, and payments certified, by State and specified period, 1943-44*

[In thousands; corrected to Sept. 25, 1944]

State ¹	Employee accounts established, fiscal year 1943-44 ²	Employers ³ reporting taxable wages for July-September 1943	Monthly benefits in force, June 30, 1944		Amount of payments certified, ⁴ fiscal year 1943-44		
			Number	Amount	Total ⁵	Monthly benefits	Lump-sum death payments under 1939 amendments
Total.....	5, 968	1, 995	998. 2	\$18, 252	\$192, 438	\$173, 282	\$19, 134
Alabama.....	143	24	15. 1	216	2, 306	2, 095	211
Alaska.....	3	4	. 3	5	58	49	9
Arizona.....	29	7	3. 0	53	527	480	47
Arkansas.....	94	15	6. 8	97	963	880	83
California.....	396	129	59. 6	1, 172	11, 663	10, 377	1, 286
Colorado.....	46	17	7. 5	140	1, 383	1, 265	118
Connecticut.....	58	30	19. 0	376	3, 783	3, 318	465
Delaware.....	11	5	2. 6	50	521	468	53
District of Columbia.....	47	14	4. 9	91	895	806	89
Florida.....	106	31	14. 5	252	2, 981	2, 762	219
Georgia.....	164	29	14. 6	203	2, 271	2, 019	252
Hawaii.....	12	4	3. 1	48	517	490	27
Idaho.....	22	7	2. 2	37	359	341	18
Illinois.....	359	156	67. 1	1, 312	14, 446	12, 889	1, 557
Indiana.....	162	51	27. 1	489	5, 093	4, 592	501
Iowa.....	94	40	12. 4	218	2, 335	2, 170	165
Kansas.....	73	27	8. 3	142	1, 545	1, 418	127
Kentucky.....	110	24	16. 4	253	2, 799	2, 591	208
Louisiana.....	118	23	11. 6	176	1, 902	1, 709	193
Maine.....	35	16	8. 9	153	1, 490	1, 350	140
Maryland.....	82	27	14. 8	261	2, 939	2, 563	376
Massachusetts.....	169	74	49. 4	963	9, 617	8, 598	1, 019
Michigan.....	259	81	43. 2	819	8, 437	7, 479	958
Minnesota.....	110	42	14. 9	291	3, 083	2, 835	250
Mississippi.....	93	14	5. 7	76	809	721	88
Missouri.....	165	59	24. 4	448	4, 760	4, 289	471
Montana.....	18	9	3. 3	59	560	509	51
Nebraska.....	49	20	5. 2	91	873	788	85
Nevada.....	6	3	. 7	16	141	116	25
New Hampshire.....	20	9	5. 8	103	982	892	90
New Jersey.....	167	76	43. 9	879	9, 759	8, 737	1, 022
New Mexico.....	22	6	1. 7	26	274	253	21
New York.....	580	286	131. 7	2, 588	27, 676	24, 922	2, 754
North Carolina.....	150	33	18. 1	250	2, 764	2, 483	281
North Dakota.....	20	7	1. 6	27	238	213	25
Ohio.....	310	103	64. 9	1, 241	13, 074	11, 766	1, 308
Oklahoma.....	112	27	7. 7	131	1, 459	1, 329	130
Oregon.....	56	19	9. 5	177	1, 389	1, 199	190
Pennsylvania.....	391	132	101. 8	1, 902	20, 439	18, 527	1, 912
Rhode Island.....	24	12	9. 0	173	1, 689	1, 502	187
South Carolina.....	79	16	9. 4	125	1, 382	1, 255	127
South Dakota.....	22	9	1. 8	31	332	310	22
Tennessee.....	168	30	15. 0	216	2, 286	2, 088	198
Texas.....	342	93	28. 1	446	4, 863	4, 380	483
Utah.....	25	7	3. 9	69	643	594	49
Vermont.....	14	7	3. 5	62	585	539	46
Virginia.....	115	34	17. 4	266	2, 877	2, 617	260
Washington.....	101	32	15. 9	311	2, 844	2, 537	307
West Virginia.....	77	19	17. 4	283	3, 097	2, 920	177
Wisconsin.....	130	52	22. 3	420	4, 489	4, 051	438
Wyoming.....	10	4	1. 2	19	219	203	16

¹ State distribution of benefits in force and payments certified estimated; for beneficiaries residing in foreign countries, data are allocated to State in which claim was filed.

² June 26, 1943-June 30, 1944.

³ Employer returns filed. Partly estimated. A return may relate to more than 1 establishment if the employer operates several separate establishments but reports for concern as a whole. Employers operating in more than 1 State are included in State from which report is filed.

⁴ Includes retroactive payments.

⁵ Total for United States includes lump-sum payments under the 1935 act amounting to \$22,000 not distributed by State.

Table 7.—*Unemployment compensation: Accounts in the Federal unemployment trust fund, by State, fiscal year 1943-44*¹[In thousands²]

State	Balance, June 30—			Operations, fiscal year 1943-44		
	1942	1943	1944	Deposits	Interest	Withdrawals
Total.....	\$2,880,900	\$4,002,961	\$5,381,300	\$1,349,866	\$88,564	\$60,091
Alabama.....	31,280	41,822	54,645	12,628	898	702
Alaska.....	2,202	3,648	5,622	1,918	83	27
Arizona.....	5,984	10,176	14,529	4,208	236	90
Arkansas.....	10,733	16,905	22,202	5,317	370	390
California.....	226,505	363,502	535,107	170,991	8,541	7,927
Colorado.....	15,184	21,877	27,693	5,507	469	160
Connecticut.....	76,116	105,388	138,708	31,831	2,304	815
Delaware.....	10,149	11,634	13,152	1,340	233	55
District of Columbia.....	28,207	36,883	40,590	3,600	741	634
Florida.....	16,664	25,636	39,788	14,151	610	610
Georgia.....	34,723	45,420	60,567	14,620	1,001	475
Hawaii.....	9,854	12,984	15,064	1,845	265	30
Idaho.....	4,035	7,919	11,051	3,010	180	58
Illinois.....	275,263	349,610	422,523	72,578	7,234	6,900
Indiana.....	73,698	104,900	143,656	38,468	2,358	2,070
Iowa.....	26,320	34,418	46,274	11,414	750	308
Kansas.....	18,642	29,204	40,388	11,230	656	702
Kentucky.....	45,895	58,290	70,714	11,985	1,209	770
Louisiana.....	23,313	36,640	55,513	18,634	874	635
Maine.....	10,254	18,760	27,423	8,517	441	295
Maryland.....	41,825	69,021	97,245	27,430	1,594	800
Massachusetts.....	123,541	154,135	186,435	31,385	3,214	2,300
Michigan.....	123,053	172,883	233,574	60,299	3,892	3,500
Minnesota.....	30,353	43,875	63,787	19,525	1,017	630
Mississippi.....	6,834	12,064	17,716	5,564	281	193
Missouri.....	87,382	99,369	124,494	24,600	2,105	1,580
Montana.....	6,432	10,007	13,641	3,510	224	100
Nebraska.....	10,590	14,988	20,404	5,230	336	150
Nevada.....	2,037	5,290	7,756	2,401	125	30
New Hampshire.....	10,225	14,050	17,723	3,602	301	250
New Jersey.....	210,161	265,537	350,462	83,221	5,764	4,060
New Mexico.....	3,680	5,578	7,518	1,820	124	5
New York.....	349,109	500,393	722,198	221,437	11,457	11,090
North Carolina.....	40,241	59,964	80,669	19,759	1,336	390
North Dakota.....	2,544	3,243	4,085	784	69	12
Ohio.....	249,797	301,877	377,802	70,730	6,375	1,150
Oklahoma.....	22,622	29,616	38,320	8,505	644	445
Oregon.....	19,814	34,688	52,341	17,141	838	125
Pennsylvania.....	261,251	393,567	525,719	126,415	8,737	3,000
Rhode Island.....	27,091	40,830	55,589	15,046	913	1,200
South Carolina.....	18,493	24,321	30,436	5,974	516	375
South Dakota.....	3,846	4,795	5,545	684	98	31
Tennessee.....	24,020	37,995	58,422	20,865	907	1,345
Texas.....	72,728	96,838	124,434	25,957	2,094	455
Utah.....	6,777	12,943	19,262	6,160	308	150
Vermont.....	5,335	7,377	9,776	2,307	163	70
Virginia.....	30,776	42,086	52,511	10,035	890	500
Washington.....	39,393	68,794	105,142	34,930	1,656	238
West Virginia.....	31,727	43,961	55,658	11,742	935	950
Wisconsin.....	71,082	92,513	130,995	37,661	2,095	1,274
Wyoming.....	3,120	4,772	6,231	1,355	104	(³)

¹ Trust fund maintains separate account for each State agency, in which are held all moneys deposited from State unemployment funds and from which State agencies withdraw amounts as required for benefit payments. Totals differ from those shown in tables 3 and 4, because of differences in stage of accounting process.

² Totals are sums of unrounded figures, therefore may differ slightly from sums of rounded figures.

³ Cash in State benefit-payment account was sufficient to cover benefit expenditures of \$2,566 without withdrawal from account in trust fund in fiscal year.

Source: Compiled from data furnished by the Treasury Department, Office of the Commissioner of Accounts and Deposits.

Table 8.—Unemployment compensation: Employers subject to State laws, workers with wage credits, claims and benefits, and Federal grants for administration, by State and specified period, 1943-44¹

[Corrected to Aug. 15, 1944]

Fiscal year and State	Employers subject to State law, Mar. 31, 1944	Workers with wage credits ² (in thousands)	Initial claims for benefits ³	Beneficiaries ⁴	Weeks compensated		Benefits paid ⁵ (in thousands)	Funds available for benefits, June 30 ⁷ (in thousands)	Ratio of benefits to collections ⁸ (percent)	Federal grants for administration ⁹ (in thousands)
					Total	Average number of weeks per beneficiary ⁶				
1941-42	10 893,326	37,600	8,299,985	3,243,715	32,022,797	10.1	\$399,745	\$2,891,115	33.8	\$53,922
1942-43	10 869,092	43,300	3,188,265	1,220,421	13,967,994	8.7	176,095	4,008,340	14.2	37,661
1943-44 ¹¹	12 861,023	44,800	1,532,237	530,756	4,404,623	8.3	60,994	5,389,066	4.5	36,129
Alabama	6,417	755	16,649	6,275	67,070	10.7	736	54,656	5.8	388
Alaska	618	37	652	1,271	2,082	7.7	29	5,985	5.4	54
Arizona	4,113	206	4,100	1,224	6,955	6.2	96	14,541	2.3	127
Arkansas	17,927	383	12,623	5,532	35,472	6.4	302	22,219	7.4	293
California	50,245	3,887	141,441	47,768	478,845	10.0	7,896	535,718	4.9	2,791
Colorado	3,830	347	5,667	1,757	12,485	7.1	156	27,708	2.9	162
Connecticut	13,236	1,027	32,165	7,421	36,681	4.9	753	138,842	2.4	575
Delaware	4,863	161	1,778	560	5,056	9.0	61	13,138	4.4	138
District of Columbia	13 16,030	317	5,686	3,507	36,749	10.5	623	40,627	17.9	328
Florida	7,455	720	18,666	8,999	53,491	5.9	605	39,831	4.3	424
Georgia	8,458	891	11,020	4,392	49,790	11.3	504	60,703	3.4	584
Hawaii	5,754	168	1,172	108	752	7.0	13	15,085	3.7	105
Idaho	7,818	136	1,215	496	4,974	10.0	60	11,059	2.0	131
Illinois	40,173	3,532	196,443	81,601	538,386	6.6	7,123	422,749	8.8	2,781
Indiana	11,266	1,404	31,951	(¹²)	138,657	(¹⁴)	2,090	143,651	5.4	990
Iowa	7,400	522	9,706	3,770	28,740	7.6	307	46,315	2.7	223
Kansas	5,163	505	10,701	5,702	54,054	9.5	699	40,440	5.7	327
Kentucky	8,666	556	20,397	8,272	78,428	9.5	760	70,869	6.3	451
Louisiana	12 11,305	778	20,116	6,033	54,901	9.1	688	55,557	6.7	451
Maine	3,297	291	15,481	5,228	41,444	7.9	321	27,446	3.8	226
Maryland	13,449	938	11,231	9,161	56,592	6.2	755	97,304	2.8	507
Massachusetts	72,836	1,912	74,346	25,049	172,280	6.9	2,564	186,492	5.0	1,636
Michigan	19,219	2,266	82,052	29,205	195,071	6.7	3,544	233,753	3.2	1,683
Minnesota	24,266	740	19,187	5,468	47,847	8.8	627	63,574	3.5	244
Mississippi	4,219	355	6,981	1,995	18,278	9.2	198	17,725	6.6	875
Missouri	12,621	1,231	53,399	16,981	115,615	6.8	1,624	124,388	2.8	125
Montana	8,092	133	1,536	794	7,270	9.2	87	13,063	2.5	166
Nebraska	4,043	289	3,968	1,430	11,927	8.3	144	20,118	2.8	108
Nevada	2,724	81	224	2,611	2,611	11.7	38	7,763	1.6	38
New Hampshire	3,823	168	7,630	3,449	29,698	8.6	254	17,763	7.0	183

New Jersey.....	19,040	1,934	96,329	36,485	274,562	7.5	4,108	350,650	4.9	1,792
New Mexico.....	5,465	133	854	131	1,136	8.7	13	7,527	7	126
New York.....	121,123	5,881	348,665	88,287	751,747	8.5	11,147	722,880	5.0	4,606
North Carolina.....	10,488	1,027	20,133	6,059	52,809	8.7	390	81,465	1.9	606
North Dakota.....	1,408	65	413	138	1,290	9.3	14	4,087	1.8	75
Ohio.....	50,409	3,165	38,452	12,556	89,466	7.1	1,175	380,744	1.6	2,096
Oklahoma.....	6,089	519	14,428	4,095	37,953	8.0	464	38,334	5.5	278
Oregon.....	9,561	565	7,435	4,384	24,500	5.6	155	52,568	9	451
Pennsylvania.....	127,866	4,193	56,247	25,844	223,392	8.6	2,947	525,984	2.3	2,739
Rhode Island.....	6,439	375	23,600	11,746	88,228	7.5	1,252	55,634	8.3	322
South Carolina.....	4,472	470	16,946	3,743	34,175	9.1	364	30,476	6.1	289
South Dakota.....	1,718	74	1,273	337	3,384	8.7	30	5,550	4.4	79
Tennessee.....	6,925	866	24,503	13,269	137,517	10.4	1,531	58,515	7.3	572
Texas.....	18,299	1,874	23,156	5,286	46,290	8.8	472	124,454	1.8	975
Utah.....	7,192	228	2,631	1,158	8,426	7.3	151	19,298	2.5	167
Vermont.....	1,578	111	1,477	668	7,088	10.8	72	9,783	3.1	115
Virginia.....	8,450	870	9,659	8,965	70,475	7.9	560	52,594	5.6	518
Washington.....	32,816	812	10,012	3,457	17,347	5.0	232	105,186	7	717
West Virginia.....	4,409	519	18,467	11,413	64,881	5.7	934	55,748	8.0	410
Wisconsin.....	14,507	1,004	20,525	(¹)	92,586	(¹¹)	1,242	131,061	3.3	472
Wyoming.....	3,841	75	161	33	170	5.2	3	6,272	3.2	81

¹ Except where otherwise noted.

² Estimated number of different workers in each State with wages in covered employment some time in calendar year 1941, 1942, and 1943, after adjustment for duplication resulting from employment of individual workers in more than 1 State during same year. Gross totals before adjustment are: for 1941, 41,010,000; for 1942, 48,233,000; for 1943, 49,496,000.

³ New initial claims, plus claims filed at beginning of an additional spell of unemployment during a previously established benefit year.

⁴ Based on number of first payments. Totals exclude figures for Indiana and Wisconsin; data not comparable.

⁵ Computed by dividing number of weeks compensated for all types of unemployment (total, part-total, and partial) by number of first payments. For States with uniform benefit years, data are based on 12-month period corresponding to most recently completed uniform benefit year; data for States with individual benefit years are based on fiscal year ended June 30, 1944. Averages for the United States are based on data for 49 States; data for Indiana and Wisconsin not comparable.

⁶ Adjusted for voided benefit checks.

⁷ Sum of balances in State clearing account, benefit-payment account, and unemployment trust fund account maintained in the U. S. Treasury.

⁸ Contributions, penalties, and interest from employers, and contributions from employees. Adjusted for refunds of contributions and for dishonored contribution checks.

⁹ Advances certified in fiscal year. For 1941-42 and 1942-43, excludes expenses of Social Security Board for administering USES; for 1943-44, includes expenditures by State agencies for facilities and services furnished to USES, reimbursed from \$4.1 million received from WMC (see table 2). Totals include, but State figures exclude, expenses for postage.

¹⁰ As of end of fiscal year.

¹¹ Totals are sums of unrounded figures, therefore may differ slightly from sums of rounded figures.

¹² Data for Louisiana as of Dec. 31, 1943.

¹³ Reporting units.

¹⁴ Data not comparable.

FEDERAL SECURITY AGENCY

Table 9.—Special types of public assistance: Federal grants and State expenditures under approved plans, by State and program, fiscal year 1943-44

[Amounts in thousands; data corrected to Aug. 15, 1944]

State expenditures from Federal, State, and local funds ³																		
State	Federal grants certified ¹			Old-age assistance					Aid to dependent children				Aid to the blind					
	Total ²	Old-age assistance	Aid to dependent children	Assistance and administration ⁴			Pay-ments to re-clip-ents	Assistance and administration ⁴			Pay-ments to re-clip-ents	Assistance and administration ⁴						
				Percent from—		Amount		Percent from—		Amount		Percent from—		Amount				
				Fed-eral funds	State funds			Fed-eral funds	State funds			Fed-eral funds	State funds					
1941-42.....	\$374,684	\$297,357	\$69,381	\$7,947	\$601,978	49.2	41.2	9.6	\$568,347	\$167,658	41.2	40.9	17.9	\$154,410	47.3	34.9	17.8	\$15,016
1942-43.....	395,626	319,176	67,927	8,523	652,866	49.2	41.6	9.2	616,280	161,931	40.3	43.2	16.5	148,381	47.6	36.0	16.4	16,283
1943-44 ³	404,942	340,776	54,402	9,764	719,962	47.6	44.5	7.9	678,959	147,624	38.3	44.9	16.8	134,798	47.5	38.2	14.3	18,449
Alabama.....	3,137	2,407	665	65	4,988	49.0	26.7	24.3	4,654	1,334	49.6	25.5	24.9	1,202	50.0	25.5	24.5	116
Alaska.....	2,750	2,307	353	90	4,547	48.3	51.7	—	4,327	732	50.0	50.0	—	672	191	48.5	51.5	181
Arizona.....	3,298	2,424	707	137	5,189	50.0	50.0	—	4,941	1,538	50.0	50.0	—	1,461	273	50.0	50.0	255
Arkansas.....	41,211	38,182	1,492	1,537	92,747	41.3	46.8	11.9	88,560	6,083	27.4	38.3	34.3	5,877	3,827	50.0	29.4	3,543
California.....	10,321	9,381	813	127	20,796	44.8	54.5	.7	20,199	1,683	50.0	24.9	25.1	1,527	256	50.0	24.9	231
Colorado.....	3,265	2,830	409	26	5,972	49.2	50.8	—	5,735	1,563	26.5	43.0	28.5	1,491	57	49.0	51.0	52
Connecticut.....	3,206	156	50	—	314	46.5	53.5	—	278	188	37.0	35.8	27.2	135	—	—	—	106
Delaware.....	750	506	185	59	1,122	46.5	53.5	—	998	412	43.1	56.9	—	341	116	49.8	50.0	544
District of Columbia.....	5,573	4,587	674	312	9,216	48.7	51.3	—	8,545	1,106	50.0	50.0	—	978	596	50.0	50.0	—
Florida.....	5,375	4,561	624	190	9,574	48.4	46.2	5.4	8,824	1,285	50.0	44.7	5.3	1,192	382	50.0	44.6	347
Georgia.....	2,342	1,765	156	11	3,574	50.1	49.9	(⁵)	(⁵)	(⁵)	50.0	50.0	—	(⁵)	89	50.0	50.0	84
Hawaii.....	32,409	26,583	5,079	446	51,613	50.1	49.9	—	3,365	767	50.0	50.0	—	720	89	50.0	50.0	1,277
Idaho.....	11,012	8,990	1,746	446	18,296	49.4	29.8	20.8	49,218	9,918	50.0	50.0	—	9,040	47.8	52.2	—	819
Illinois.....	9,552	8,832	373	297	17,541	49.5	50.1	4.4	16,650	3,773	45.0	32.2	22.8	3,433	903	49.9	47.5	527
Indiana.....	6,680	4,909	902	218	10,290	47.4	28.1	24.5	9,476	2,319	37.4	27.5	35.1	2,103	438	48.3	24.9	407
Iowa.....	3,635	3,095	420	119	7,321	48.9	51.1	—	6,816	892	50.0	50.0	—	807	239	50.0	50.0	213
Kansas.....	7,019	4,675	2,087	247	10,111	48.1	51.9	—	9,366	5,480	41.2	58.8	—	4,830	208	48.5	51.5	448
Kentucky.....	2,884	2,349	386	150	4,832	49.4	50.6	—	4,547	968	36.0	34.7	29.3	916	50.0	50.0	—	280
Louisiana.....	2,669	1,856	731	82	4,150	47.7	35.6	16.7	3,768	1,554	50.0	32.2	17.8	1,335	174	50.0	16.6	158
Maine.....	18,530	16,762	1,559	208	38,670	44.2	35.1	20.7	36,496	7,036	28.3	31.8	39.9	6,497	433	46.6	53.4	406
Maryland.....																		
Massachusetts.....																		

Michigan	19,662	16,311	3,083	263	30,941	50.0	50.0	(7)	29,484	9,899	23.7	65.5	4.8	9,411	520	50.0	50.0	(7)	495
Minnesota	11,756	10,303	1,253	201	20,289	50.0	31.7	18.3	19,316	3,085	43.1	26.2	30.7	2,762	421	43.1	46.5	5.4	376
Mississippi	1,977	1,515	362	99	3,216	47.7	52.3	---	2,925	709	50.0	49.7	---	4,376	202	50.0	50.0	---	184
Missouri	16,379	14,045	2,334	---	28,425	49.4	50.6	2	26,765	4,707	50.0	49.7	3	3,676	---	---	---	---	165
Montana	2,355	1,951	339	65	4,034	49.1	33.4	17.5	3,772	677	49.8	34.1	16.1	1,618	124	49.7	33.0	17.3	105
Nebraska	4,837	4,123	621	94	8,345	49.7	50.3	---	7,896	1,320	50.0	50.0	---	1,218	184	50.0	50.0	---	172
Nevada	448	---	---	---	964	49.7	26.3	23.5	913	---	---	---	---	477	99	49.9	50.1	---	93
New Hampshire	1,330	1,115	165	50	2,303	49.2	27.6	23.7	2,165	493	31.4	68.6	---	---	---	---	---	---	---
New Jersey	4,787	3,839	835	114	9,079	46.3	35.4	18.3	8,207	2,272	36.9	33.9	29.2	2,039	233	49.7	3.7	46.6	197
New Mexico	1,514	968	495	51	2,111	45.8	54.2	---	1,964	1,159	44.6	55.4	---	1,041	104	48.0	52.0	---	93
New York	24,926	20,307	3,804	615	48,254	44.0	29.0	27.0	42,663	17,135	25.9	23.9	48.2	15,596	1,434	46.7	24.8	28.5	1,139
North Carolina	3,505	2,377	875	233	4,976	48.0	28.4	23.6	4,552	1,841	50.0	27.7	22.3	1,626	517	49.6	46.3	26.3	423
North Dakota	1,830	1,448	360	23	3,006	48.2	40.6	11.2	2,786	943	42.1	29.8	28.1	862	47	49.6	46.3	4.1	40
Ohio	1,919	1,965	1,919	552	44,870	50.1	49.9	---	42,790	5,591	36.5	29.6	33.9	5,051	1,128	49.9	16.2	33.9	982
Oklahoma	14,733	11,934	2,525	323	23,900	50.1	49.9	---	22,819	5,404	50.0	50.0	---	5,119	668	50.0	50.0	---	641
Oregon	3,932	3,603	251	78	7,510	49.3	31.9	18.8	7,050	1,026	27.5	45.0	27.5	948	181	44.3	34.6	21.1	170
Pennsylvania	21,034	15,066	5,968	---	32,373	48.2	51.8	---	29,753	18,382	34.8	65.2	---	16,399	33	48.2	51.8	---	30
Rhode Island	1,547	1,243	289	16	2,784	47.9	52.1	---	2,610	904	29.5	70.5	---	844	---	---	---	---	---
South Carolina	2,365	1,761	507	97	3,647	47.3	52.5	---	3,334	1,009	49.8	50.0	2	909	193	49.5	50.3	2	168
South Dakota	2,117	1,773	316	29	3,855	49.2	50.5	3	3,592	663	49.8	49.8	4	603	58	49.8	49.8	4	53
Tennessee	6,125	3,864	2,072	189	7,783	49.8	38.3	11.9	7,387	4,159	50.0	34.3	15.7	3,920	380	50.0	38.0	12.0	365
Texas	25,843	23,616	1,544	783	46,161	50.9	49.1	---	44,713	3,013	50.0	50.0	---	2,660	1,565	50.0	50.0	---	1,348
Utah	3,582	3,112	442	28	6,146	48.3	36.8	14.9	5,916	1,647	28.9	56.3	14.8	1,525	69	43.7	41.9	14.4	61
Vermont	807	638	143	26	1,311	50.2	49.8	---	1,253	251	50.0	26.5	23.5	236	52	50.0	50.0	---	47
Virginia	1,237	699	108	108	2,745	45.3	33.8	20.9	2,370	1,334	50.0	29.1	20.9	1,106	218	50.0	28.4	21.6	179
Washington	2,043	1,474	742	182	28,398	50.0	50.0	---	27,201	3,212	23.9	76.1	---	3,030	330	50.0	50.0	---	325
West Virginia	3,075	1,725	1,245	105	3,729	49.0	51.0	---	3,482	2,637	50.0	50.0	---	2,511	216	50.0	50.0	---	203
Wisconsin	9,702	7,922	1,494	286	16,215	50.1	28.8	21.1	15,485	4,268	34.0	31.6	34.4	4,008	548	50.0	30.0	20.0	513
Wyoming	817	700	90	26	1,374	48.8	30.5	20.7	1,281	235	40.7	37.3	22.0	207	56	46.6	52.4	1.0	52

¹ Amounts of Federal grants certified in fiscal year; differ slightly from fiscal-year expenditures from Federal funds reported by States.

² Totals are sums of unrounded figures, therefore may differ slightly from sums of rounded figures.

³ Excludes Hawaii, for which data are not available.

⁴ Except for Illinois in 1941-42 and 1942-43 and Oregon in 1942-43 and 1943-44, excludes administrative expenditures for personnel merit system.

⁵ Expenditures for assistance for October 1943-June 1944 and for administration for July 1943-June 1944; first Federal funds available under approved plan for July 1943, but under State law no payments could be made before October.

⁶ Expenditures for assistance for January-June 1944 and for administration for July 1943-June 1944; first Federal funds available under approved plan for July 1943, but under State law no payments could be made before Jan. 1, 1944.

⁷ Less than 0.05 percent.

⁸ Includes administrative expenditures for personnel merit system.

Table 10.—*Special types of public assistance: Number of recipients and average payment under approved plans, by State and program, June 1944*

State	Old-age assistance		Aid to dependent children			Aid to the blind	
	Number of recipients	Average payment	Number of recipients		Average payment per family	Number of recipients	Average payment
			Families	Children			
June 1941	2, 170, 500	\$21. 08	378, 406	913, 429	\$33. 08	49, 817	\$23. 67
June 1942	2, 253, 522	21. 83	389, 975	958, 976	33. 94	54, 378	24. 37
June 1943	2, 170, 046	24. 61	301, 139	739, 443	38. 95	53, 752	25. 95
June 1944	2, 086, 908	27. 55	259, 914	650, 598	43. 12	56, 866	28. 68
Alabama	28, 673	15. 83	4, 624	12, 626	24. 38	715	15. 95
Alaska	1, 398	32. 07					
Arizona	9, 527	38. 43	1, 424	4, 098	38. 27	374	43. 41
Arkansas	27, 152	16. 87	4, 830	12, 665	27. 11	1, 213	20. 70
California	157, 605	47. 20	6, 772	17, 276	75. 10	5, 930	47. 44
Colorado	40, 992	41. 21	3, 469	9, 244	35. 43	523	36. 57
Connecticut	14, 266	34. 24	1, 828	4, 676	72. 46	163	34. 40
Delaware	1, 532	14. 45	244	690	54. 60		
District of Columbia	2, 756	29. 92	576	1, 766	51. 73	236	35. 44
Florida	38, 563	24. 12	3, 122	7, 335	29. 22	2, 310	25. 39
Georgia	69, 062	10. 92	4, 013	9, 811	24. 73	2, 141	13. 85
Hawaii	1, 492	19. 92	566	1, 754	53. 25	67	22. 03
Idaho	9, 945	30. 70	1, 473	4, 006	37. 24	222	32. 76
Illinois	128, 808	30. 91	21, 247	49, 978	33. 09	4, 971	32. 17
Indiana	59, 074	24. 16	7, 403	16, 629	34. 26	2, 242	30. 68
Iowa	51, 326	28. 40	3, 046	7, 412	26. 69	1, 360	31. 96
Kansas	28, 547	27. 50	3, 352	8, 490	45. 73	1, 127	29. 56
Kentucky	54, 228	10. 99	4, 220	11, 641	22. 21	1, 581	12. 73
Louisiana	36, 821	22. 29	9, 959	25, 603	40. 23	1, 477	26. 91
Maine	15, 142	26. 87	1, 424	4, 023	56. 84	860	27. 86
Maryland	12, 396	25. 55	2, 814	8, 013	36. 80	459	29. 11
Massachusetts	75, 598	39. 90	7, 162	17, 621	75. 40	940	41. 33
Michigan	85, 664	29. 15	12, 875	30, 836	60. 06	1, 270	33. 11
Minnesota	57, 398	28. 40	5, 453	13, 390	40. 01	945	33. 92
Mississippi	25, 149	10. 03	2, 752	6, 969	20. 92	1, 344	11. 64
Missouri	103, 402	22. 04	11, 030	27, 271	32. 85		
Montana	11, 170	29. 07	1, 444	3, 586	33. 40	307	30. 31
Nebraska	25, 248	26. 04	2, 738	6, 346	32. 49	533	25. 12
Nevada	1, 986	37. 97					
New Hampshire	6, 648	27. 66	688	1, 738	54. 61	267	28. 04
New Jersey	25, 325	28. 29	3, 845	9, 251	47. 52	546	29. 46
New Mexico	5, 321	32. 31	2, 184	6, 336	36. 41	265	29. 41
New York	108, 180	33. 04	18, 722	43, 032	72. 83	2, 864	36. 60
North Carolina	33, 688	11. 20	6, 473	15, 751	21. 19	2, 252	16. 24
North Dakota	8, 848	28. 52	1, 638	4, 499	45. 33	125	28. 66
Ohio	124, 836	28. 56	8, 157	21, 885	50. 96	3, 201	25. 68
Oklahoma	77, 069	26. 27	13, 547	32, 715	33. 94	1, 909	29. 02
Oregon	19, 488	33. 33	1, 194	2, 948	72. 24	372	41. 20
Pennsylvania	85, 210	28. 58	22, 780	59, 977	52. 36		
Rhode Island	7, 200	31. 55	1, 098	2, 870	63. 96	88	29. 15
South Carolina	21, 153	13. 97	3, 434	10, 049	23. 12	863	18. 25
South Dakota	13, 109	23. 59	1, 511	3, 534	32. 25	213	21. 63
Tennessee	38, 085	16. 50	11, 006	28, 394	30. 89	1, 541	20. 19
Texas	174, 029	21. 29	10, 688	23, 412	21. 06	4, 663	24. 33
Utah	13, 280	36. 73	1, 876	5, 008	71. 46	129	40. 95
Vermont	5, 242	20. 03	584	1, 486	33. 10	160	27. 93
Virginia	16, 177	12. 38	3, 696	10, 448	25. 57	969	16. 32
Washington	60, 075	37. 63	3, 295	8, 145	82. 45	654	38. 41
West Virginia	18, 454	17. 81	6, 859	18, 841	32. 33	824	22. 43
Wisconsin	47, 324	27. 45	6, 428	15, 589	49. 46	1, 525	27. 77
Wyoming	3, 247	32. 33	351	930	43. 08	126	36. 00

Tables in this appendix are limited to fiscal-year data on appropriations, expenditures, and personnel of the Social Security Board, and on programs for which the Board carries Federal administrative responsibilities.

More comprehensive and detailed information on current operations of social security and related programs, including those for which summary data are given in charts 1-3 of this report, is issued in the monthly Social Security Bulletin and in the Social Security Yearbooks for the calendar years 1939-43.

